



Daily Report

East Asia

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Daily Report

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8 September 1995

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Further on ASEAN Economic Ministers' Meeting

Agreement on Services Sector

BK0809123095 Bangkok BANGKOK POST
in English 8 Sep 95 p 26

[Report by Wichit Sirithawiphon, Somphon Thapanachai, Atchara Atsayakachat and Peter Maitri Ungphakon in Bandar Seri Begawan]

[FBIS Transcribed Text] ASEAN economic ministers agreed yesterday that the group should allow each others' airlines, banks, construction companies, professionals, and other service providers greater freedom to do business across Southeast Asia.

In many of these sectors, tough negotiations are expected to start early next year. Indonesia's coordinating minister for trade and industry, Hartarto Sastrosoenarto, warned that agreement on liberalizing many service industries could still be a long way away.

But if agreement is reached ASEAN would have extended its free-trade area to some of the most heavily protected sectors of its economies.

The ministers intend to submit a document setting out principles for liberalization of services for their heads of governments to sign at the Bangkok summit in December.

Talks on liberalizing individual sectors would start early next year.

Yesterday, ministers discussed possible priority sectors. Thai Deputy Prime Minister Amnuai Wirawan and Finance Minister Surakiat Sathianthai said Thailand proposed liberalizing aviation — an "open skies" policy for ASEAN airlines along with banking and finance.

An open-skies policy would allow Thai Airways International to fly freely between any cities of its choice in ASEAN so long as take-off, landing and other use of airport facilities did not clash with other flights.

It would also require Thailand to allow other carriers such as Singapore Airlines to operate domestic flights in Thailand and to fly between Thailand and any other ASEAN country.

Dr Surakiat said this would give passengers better service. For example, a business traveller could fly to Kuala Lumpur for a meeting in the morning and return to Bangkok in the evening. This is not possible under current schedules.

Thai ministers and officials have also argued this week that Thai banks are more competitive than their ASEAN counterparts, and therefore stand to gain from liberalization.

Dr Amnuai said some sectors should be easier to negotiate than others.

The agreement on principles for liberalizing services would be one of two documents for expanding cooperation that ASEAN leaders are scheduled to sign in December.

The other is an agreement on cooperation in intellectual property rights copyrights, patents, trademarks, and related rights. Officials drafting this document envisage a more technical form of cooperation, for example sharing a common database of registered trademarks and patents, or a central registry.

The ministers agreed to meet again in November in Osaka, just before the Asia Pacific Economic Cooperation group meetings, to study progress on these and other matters being prepared for the ASEAN summit.

Also on the agenda yesterday, the first day of the ministers' two-day annual meeting were discussions of a common position for ASEAN in other meetings such as APEC, the World Trade Organization, next year's summit of Asian and European leaders, and the economic ministers' own meetings with Japan, Australia, and New Zealand next year.

Ministers said one of the issues ASEAN wanted to raise with European leaders is the increasing use of anti-dumping actions. He noted that ASEAN countries are also beginning to take anti-dumping actions among themselves. The ministers wanted to limit these actions, said Dr Surakiat.

The Asia-Europe summit is scheduled for Bangkok next 29 February.

The ministers also instructed their officials to prepare for the first ministerial meeting of the WTO in Singapore in December 1996.

ASEAN opposes attempts to link trade and human and labour rights under WTO jurisdiction. It is also watching carefully proposals for linking trade and environmental protection, and for dealing with competition policy.

Tomorrow, the ASEAN ministers are due meet Japanese international trade and Industry minister, Ryutaro Hashimoto, to discuss cooperation on development assistance to Cambodia, Laos, and Burma.

Sultan Pushes for Lower Tariffs

*BK0809100095 Bangkok BANGKOK POST
in English 8 Sep 95 p 26*

[Report by Atchara Atsayakachat and Peter Maitri Ungphakon in Bandar Seri Begawan]

[FBIS Transcribed Text] Sultan Hassanal Bolkiah of Brunei repeated his call yesterday for tariffs to come down to 0-5 percent by 2000 under the ASEAN Free Trade Area program, instead of the present target date of 2003.

"AFTA must move faster than other free trade areas," said the sultan in his keynote speech for the opening ceremony of the 27th ASEAN Economic Ministers' meeting.

The sultan, whose tiny oil kingdom is the current ASEAN chairman, first proposed accelerating the timetable at the group's foreign ministers' meeting on July 29.

Yesterday, he urged the meeting to examine how to achieve the 2000 target.

Afterwards, however, the ministers agreed to leave 2000 as a voluntary target date because for some products accelerating the tariff reductions could leave too little time for domestic producers to adjust.

Most of the ministers, meeting on Wednesday as the AFTA Council, had already decided that each country should try to achieve zero tariffs by 2003 and 0-5 percent by 2000. They said they would have to consult their business communities to determine whether the acceleration would be possible.

Both Deputy Prime Minister Amnuai Wirawan and Finance Minister Surakiat Sathianhai have expressed doubts about the possibility of a further acceleration of the program after last year's decision to bring the target date forward from 2008 to 2003.

Dr Amnuai said yesterday that Thailand might be able to bring some tariffs to zero by 2000, especially if the rates were scheduled to drop to 2-5 percent by that year. But agreement would have to be reached with the private sector first.

Dr Amnuai heads the Thai delegation for the economic ministers' meeting. Dr Surakiat represented Thailand in Wednesday's AFTA Council meeting.

In his address, the sultan of Brunei described the acceleration of the regional free trade program as one way for ASEAN to meet challenging developments around the world.

Challenges he mentioned comprised the expansion of the European Union to include the countries of eastern and central Europe, the proposed Transatlantic Free Trade Area with a combined market of the US and EU of 750 million consumers and a combined economy of US\$15,000 billion and also the liberalization of China and India.

The sultan, however stressed the continuation of ASEAN's links with the economies of North America, the EU, Japan and the fast-growing economies in Asia-Pacific.

"We must play a pro-active role in regional and international forums such as Asia Pacific Economic Cooperation and the World Trade Organization and help steer these organizations in the direction of trade and investment liberalization," the sultan said.

AFTA must also cover other important areas of economic activity, he went on. "If we include services and intellectual property sector which our senior officials have studied, it will reinforce AFTA," he said.

In his opening address at the 28th ASEAN Ministers' Meeting in July, he said ASEAN had to take some risk with its overprotected domestic industries if it did not want to be left behind other regions.

However, the sultan emphasized yesterday morning that while global trends were encouraging, ASEAN had to be vigilant and ready to respond to changes in the global economy. "Despite the completion of the Uruguay Round, trade disputes have continued to plague the global trading system. Such disputes, if left unresolved, will retard ASEAN's growth."

ASEAN is expected to grow at an annual rate of 6-7 percent in the next few years. With the addition of Vietnam, ASEAN has a population of 420 million, a base big enough for domestic and foreign investors the sultan said.

Communication and interaction between the official and private sector was also encouraged by the sultan to be strengthened so that "both sides explore and propose how best to have more private-sector input into ASEAN's economic cooperation programs."

Singapore Hails Tariff Reduction

*BK0809111095 Singapore THE STRAITS TIMES
in English 8 Sep 95 p 25*

[Report by Tan Kim Song in Bandar Seri Begawan]

[FBIS Transcribed Text] The ASEAN economic ministers' decision to accelerate the ASEAN tariff reduction process in two directions marked a significant shift of

their mindsets, Trade and Industry Minister Yeo Cheow Tong said yesterday.

"We see this as the most important achievement of the ASEAN Free Trade Area [AFTA] Council meeting on Wednesday," he told Singapore reporters here.

The two directions are: to expand the list of products that will have their tariff rates cut to 0-5 percent by a certain target date, which is currently set at year 2003 and to increase the number of imports with 0 percent tariff rate, rather than 0-5 percent by that same date.

Progress on these two fronts would help to ensure that ASEAN remained one of the most dynamic groupings in the world, Mr. Yeo said.

He also hailed the AFTA Council's decision to set up an ad hoc committee to look into Indonesia's request to transfer some of its products out of the inclusion list of the common effective preferential tariff (CEPT) scheme.

The CEPT forms the core of AFTA's tariff reduction programme.

Products placed under the inclusion list are to have their tariff rates cut down to 0-5 percent by year 2003.

Observers said that the Indonesian request, if acceded, would amount to backtracking from the ASEAN trade liberalisation process and would strain the credibility of the AFTA programme.

"We are quite confident that a solution can be found without having to remove these products from the inclusion list," Mr. Yeo said.

At a press conference held after the AFTA Council meeting on Wednesday, Brunei's minister for industry and primary resources, Pehin Dato Abdul Rahman Taib, who chaired the meeting, noted that as a matter of principle, requests to transfer products out of the inclusion list would not be entertained.

It is understood that Malaysia, which had made a similar bid earlier, had withdrawn its request.

It was partly to remove such ambiguity that the AFTA Council decided to have a specific dispute settlement mechanism (DSM) to deal with the implementation of the CEPT scheme.

"Such a mechanism, which helps to make the process more transparent, is part of the incremental steps that have to be taken to broaden the level of economic cooperation in ASEAN," Mr. Yeo said.

Opening the two-day AEM [ASEAN economic ministers] meeting which followed the AFTA council meeting yesterday, the sultan of Brunei called on ASEAN coun-

tries to extend the coverage of AFTA to other important areas of economic activity.

The inclusion of trade and services and intellectual property rights (IPR) would reinforce AFTA, he said.

The ASEAN economic ministers are expected to endorse a framework agreement on trade in services to supplement the General Agreement on Trade in Services (GATS) under the World Trade Organisation today.

It will also look into a draft of the ASEAN agreement on IPR.

Both documents are expected to be ready and signed by the ASEAN heads of state at their fifth summit in Bangkok in December this year.

Accord on Stand for APEC Meeting

*BK0809124795 Bangkok BANGKOK POST
in English 8 Sep 95 p 26*

[Report by Somphon Thapanachai in Bandar Seri Begawan]

[FBIS Transcribed Text] ASEAN, for the first time, has agreed on a common position within the Asia Pacific Economic Cooperation group, insisting that trade liberalization must be accompanied by technical cooperation and other measures to make trade more convenient.

They also agreed every member should place a "down payment" of trade liberalization on a voluntary basis at the APEC Summit in Osaka in November.

Previously, ASEAN failed to agree on a common position mainly because the pro-free trade position of Singapore contrasted sharply with the reluctance of Malaysia and others to use APEC as a means of liberalizing trade.

Calling for a "comprehensive" package in Osaka, the ASEAN economic ministers yesterday also called for a balance of cooperation in the group on three aspects: trade liberalization, facilitation, and cooperation.

ASEAN emphasized collective decisions on trade facilitation and cooperation in the development of human resources and small and medium-sized enterprises.

Deputy Prime Minister Amnuai Wirawan said the "comprehensive" label also meant agriculture would have to be included despite objections from Japan and South Korea.

He said ASEAN was insisting any market-opening commitments to be made by APEC members would have to be voluntary. They could not be negotiated, he said.

Japan, this year's host country, Taiwan, and South Korea faced difficulties to include agriculture in their package for trade liberalization. Japan tried to lobby ASEAN members to exclude farm products from the scheme.

Mr Amnuai said all ASEAN members had expressed the same position on the issue. Although some members would have a problem including agriculture, it was certain liberalization must be greater than the commitment members gave through the World Trade Organization.

An ASEAN source said ASEAN ministers of agriculture and forestry earlier adopted the same stand as the economic ministers.

He said it was likely ASEAN economic ministers would form a strong force to get Japan to accept ASEAN products, particularly farm items.

The economic ministers and Japan's Minister of International Trade and Industry Ryutaro Hashimoto will meet tomorrow to discuss economic cooperation. APEC is likely to be the important issue besides progress of ASEAN and Japan in assisting Indochina and Burma.

Ministers Issue Statement

OW0809144995 Tokyo KYODO in English
1413 GMT 8 Sep 95

[FBIS Transcribed Text] Bandar Seri Begawan, Sept. 8 KYODO — The following is the full text of a joint press statement issued after an economic ministers meeting of the Association of Southeast Asian Nations (ASEAN) in Bandar Seri Begawan, Brunei, on Thursday [7 September] and Friday.

1. The 27th meeting of the ASEAN economic ministers was held in Bandar Seri Begawan, Brunei Darussalam on Sept. 7-8, 1995. The meeting was preceded by a preparatory meeting of the ASEAN Senior Economic Officials Meeting (SEOM) on Sept. 4-5, 1995, and the AFTA [ASEAN Free Trade Area] ministerial council meeting on Sept. 6, 1995.

2. The meeting was attended by H.E. [His Excellency] Pehin Dato Abdul Rahman Taib, minister of industry and primary resources, Brunei Darussalam; H.E. Mr. Hartarto, coordinating minister for industry and trade, Indonesia; H.E. Professor Dr. S.B. Joedono, minister of trade, Indonesia; H.E. Mr. Tungki Ariwibowo, minister of industry, Indonesia; H.E. Dato' Seri Rafidah Aziz, minister of international trade and industry, Malaysia; H.E. Mr. Rizalino S. Navarro, secretary of trade and industry, Philippines; H.E. Dr. Cielito F. Habito, secretary of socio-economic planning, Philippines; H.E. Mr. Cesar B. Bautista, undersecretary of trade and industry, Philippines; Mr. Yeo Cheow Tong,

minister for trade and industry, Singapore; H.E. Dr. Amnuai Wirawan, deputy prime minister, Thailand; H.E. Dr. Surakiat Sathianthai, minister of finance, Thailand; H.E. Mr. Pairote Suwanchawee, deputy minister of commerce, Thailand; H.E. Mr. Anuson Wongwan, deputy minister of industry, Thailand; H.E. Mr. Le Van Triet, minister of trade, Vietnam; H.E. Mr. Mai Van Dau, vice minister of trade, Vietnam; H.E. Dato' Ajit Singh, secretary general of ASEAN; and their respective delegations.

3. The meeting was formally opened by His Majesty the Sultan of Brunei Darussalam. In his opening address, his majesty called for great concerted effort among the ASEAN member countries to further enhance ASEAN's competitive edge for meeting the challenges of the rapidly changing and increasingly competitive global economic environment. His majesty stressed that ASEAN needs to further enhance its economic cooperation particularly through the mechanism and expeditious realization of the ASEAN Free Trade Area. His majesty also stressed that the scope of ASEAN economic cooperation should be extended to include important areas, such as promotion of investment, services and intellectual property.

4. His majesty stressed that AFTA must move faster than other free trade areas and requested the ministers to examine how the proposal he made at the ASEAN Ministerial Meeting (AMM) in Brunei Darussalam last month, on advancing the time frame for the realization of AFTA by the year 2000 can be achieved.

5. His majesty emphasized that ASEAN's position in the world economy has improved significantly and coupled with the economic dynamism and a sizable population of at least 420 million people in the region, ASEAN will be a base large enough for attracting both indigenous ASEAN and foreign investors.

6. His majesty underscored that trade liberalization cannot be pursued successfully without the active participation of the private sector which plays a crucial role in transferring capital, technology and managerial know-how throughout the ASEAN region. In this regard, his majesty made reference to the active and significant role of the private sector in the rapid economic development of the various sub-regional growth arrangements such as BIMP-EAGA, SUORI and IMT-GT [expansions unknown]. In addition, his majesty also mentioned that the various sub-regional growth areas are complementary element and will reinforce the wider economic cooperation programs undertaken on an ASEAN-wide basis.

7. His majesty also stressed that ASEAN as a dynamic grouping should work closely and more coherently and should assume a more pro-active role in international

and regional economic fora, such as the WTO and APEC. In this regard, ASEAN should continue to explore the possibility of mutually beneficial linkages with other regional trade arrangements.

8. In the meeting of the ASEAN economic ministers, the ministers were pleased to note the significant progress made in the implementation of the CEPT [expansion unknown] scheme for AFTA. Taking full cognizance of the benefits of realizing AFTA as early as possible and the domestic issues of individual ASEAN member countries, the meeting committed itself fully to the realization of AFTA by Jan. 1, 2003. Bearing in mind his majesty's call for AFTA process to move faster than other free trade areas, member countries are requested to expand the number of items with tariff rates reduced to 0-5 percent by the year 2000 and maximize the number of items to be reduced to 0 percent tariff level by the year 2000. This would then pave the way for a more liberal AFTA even before the target date of Jan. 1, 2003.

9. The ministers also discussed other trade facilitation activities for supporting the expeditious realization of AFTA. In this connection, several ASEAN plans of action such as the ASEAN plan of action in transport and communications, the ASEAN plan of action on SME [expansion unknown] development, and ASEAN plan of action on infrastructure development have been formulated to support the AFTA process. New trade-related activities to expedite the AFTA process and areas for enhancing greater economic cooperation preparation for the fifth ASEAN summit, in December this year, were also discussed by the ministers.

10. The ministers noted the draft plan of action for the promotion of foreign direct investment and intra-ASEAN investment and advised that the following areas be taken into consideration in finalizing the action plan:

- a) areas for liberalization of investment policies;
- b) areas and measures to promote greater intra-ASEAN investment; and
- c) industrial policies of member countries.

11. The ministers accepted in principle the ASEAN framework agreement on services and agreed that it will be signed by the AEM [expansion unknown] and that the rounds on negotiations on specific commitment will be launched at the fifth summit in Bangkok.

12. The chairman welcomed Vietnam's participation in this meeting for the first time. Vietnam has submitted an indicative list of products for immediate inclusion, where tariffs will be reduced from Jan. 1, 1996. The ministers agreed to accord some flexibility to Vietnam in implementing the CEPT scheme. To this end, Vietnam

will complete her implementation of the CEPT scheme by Jan. 1, 2006.

13. In facilitating the implementation of the CEPT scheme for AFTA and enhancing greater economic cooperation, the ministers agreed to the establishment of a specific dispute settlement mechanism (DSM) for CEPT-AFTA and an umbrella DSM which will cover disputes arising from all ASEAN agreements on economic cooperation.

14. On ASEAN industrial cooperation schemes, the ministers agreed that until a new ASEAN industrial cooperation scheme is adopted and implemented, all new applications for the AIJV [ASEAN Industrial Joint Venture] and BBC [Brand to Brand Complementation] schemes can be processed and approved under the existing schemes. All approved projects would continue to enjoy the rightful privileges.

15. The ministers were updated on the preparations being made by Singapore for the first WTO ministerial review conference to be held at the end of 1996. The meeting requested the SEOM and the ASEAN Geneva committee to liaise closely on the various issues which are of interest to ASEAN, such as trade and investment liberalization, labor and social issue, competition policy and services. The meeting also agreed to support Vietnam's admission to the WTO.

16. The ministers discussed the progress of consultations on East Asia Economic Caucus (EAEC) and reiterated their support for further efforts toward its early realization.

17. The ministers reviewed the developments in APEC particularly the preparations for the APEC economies leaders' meeting in Osaka in November 1995. The meeting also agreed that the membership of Vietnam in APEC should be strongly supported as soon as the moratorium on new membership has ended.

18. The ministers noted the outcome of the 17th meeting of the ASEAN ministers on agriculture and forestry and expressed concern over the EU Council directive on hygiene of foodstuffs, which could affect ASEAN's exports of vegetable oil of edible use, and the EU classification of carrageenan as food additive, which is being opposed by certain European countries. The ministers further agreed to transmit letters to the EU to express ASEAN's concern on these.

19. The ministers took note of the preparations for the Asia-Europe Meeting (ASEM) and agreed that economic issues should be placed on the agenda of ASEM and to coordinate closely with China, Japan and Republic of Korea (ROK) the Asian position on the various economic issues.

20. The representatives of the various ASEAN private sectors had a consultation with the ministers to explore greater private sector participation in the ASEAN process for enhancing economic cooperation and development in the region. The ministers welcomed the restructuring of the ASEAN-CCI [expansion unknown] for more effective functioning and organization of the private sector which will include, among others, the establishment of a permanent secretariat at the ASEAN secretariat office in Jakarta.

21. Recognizing the significant role of the private sector in economic development, the ministers urged the ASEAN private sector to take advantage of the opportunities offered in existing and new cooperation schemes. The ministers also requested the ASEAN-CCI to come up with firm proposals to enhance ASEAN industrial cooperation before their special meeting in Osaka in November 1995.

Private Sectors: Time Too Short for Free Trade

*BK0809100395 Bangkok BANGKOK POST
in English 8 Sep 95 p 26*

[Report by Somphon Thapanachai, Wichit Sirithawiphon, Atchara Atsayakachat, and Peter Maitri Ungphakon in Bandar Seri Begawan]

[FBIS Transcribed Text] ASEAN private sectors say they will not have enough time to adjust if the group decides to complete its free trade program by 2000 instead of 2003, according to a regional business leader.

But Dr Narongchai Akkharaseni, vice-chairman of the ASEAN Chambers of Commerce and Industry [ASEAN-CCI], said member business organizations supported the governments' decision to broaden cooperation under the ASEAN Free Trade Area to cover services.

"The private sector made preparations to adjust to the 10-year plan of tariff reduction so we could not accept the completion of AFTA three years ahead of the original schedule," he said.

The decision to shorten the original schedule from 15 years to 10 years (ending in 2003) was only taken last year. Documents covering the AFTA agreements still have to be amended and signed by ASEAN leaders at the Bangkok summit in December.

With the latest proposal to cut another three years from the schedule, the private sector has difficulty keeping up with the stream of new initiatives, Dr Narongchai said.

He added that it might be possible to accelerate liberalization for some products.

Dr Narongchai is in Brunei in a dual capacity. The chief executive of General Finance & Securities Plc [Public Company] is one of Deputy Prime Minister Amnuai Wirawan's closest advisers and thus a member of the Thai government delegation.

As vice-chairman of the ASEAN chambers, today he will represent the private sector in talks with ASEAN ministers, including Dr Amnuai.

But despite the extent of involvement of people like Dr Narongchai, officials say ASEAN governments believe business groups in their countries have taken too little interest in regional developments such as AFTA. Governments would like to see domestic business associations take a more active role in the ASEAN chambers.

In a statement due to be released today, ministers are expected to call for closer cooperation between their countries' commerce and industry organizations and the ASEAN private sector body.

Today's meeting will be the first time the private sector will have a formal dialogue with the Government to contribute comments on economic development of ASEAN.

The 10-delegate ASEAN-CCI will participate with ministers, while in the past, ASEAN-CCI representatives would just attend to report business progress or problems concerning ASEAN economic cooperation.

ASEAN countries have since tried to boost private sector participation as it is an engine of the group's economy.

Dr Narongchai said the ASEAN-CCI would announce today its establishment of a permanent secretariat in Jakarta on 10 December, the week the ASEAN Summit will be held. The office will share space in the same building with the ASEAN Secretariat to work closely with the official side.

Dr Narongchai also said the private sectors would benefit from a government decision to expand economic integration to cover services.

"Thailand's finance, banking, and insurance businesses are ready for liberalization because such market opening will increase more opportunities for businesses," he said.

His company, General Finance, is a finance and securities firm and is bidding for a new banking licence.

He also identified other sectors that ASEAN could start negotiation on liberalization such as aviation transportation and tourism.

The ASEAN economic ministers agreed to endorse the framework agreement on cooperation and liberalization

of service sectors to be signed at the Bangkok Summit in December. Negotiations liberalizing specific sectors will begin early next year.

It was formerly proposed that the ASEAN Investment Joint Venture and Brand to Brand Complementation schemes be scrapped, raising concerns among companies participating in the schemes.

Dr Narongchai said private sectors did not pay much attention to the privileges as they could get them through the tariff reduction scheme of AFTA. He said the private sector would rather want assistance from government in other fields such as freer movement of personnel and information.

Japan**JAL: No Cargo Flights to U.S. in FY95**

OW0709124895 Tokyo KYODO in English
1205 GMT 7 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — Japan Airlines (JAL) will not inaugurate in fiscal 1995 U.S.-authorized cargo flights on a route linking Kansai International Airport in western Japan with Chicago and New York, JAL officials said Thursday [7 September].

The United States agreed to authorize the cargo flights in civil aviation negotiations with Japan in July.

JAL has not given up on the flights, but some problems remain with aircraft and cargo collecting operations at the Kansai airport, the officials said.

Tokyo To Increase Contribution to U.S. Forces

OW0709122495 Tokyo KYODO in English
1123 GMT 7 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — Japan has agreed with the United States to enlarge its contribution to the cost of supporting U.S. forces stationed in Japan, including paying for some 800 more Japanese employees at U.S. bases, government officials said Thursday [7 September].

Under a new pact covering Japan's share of the cost of supporting U.S. forces, Tokyo will also pay transportation expenses in the event that military exercise sites are to be relocated due to reasons on the Japanese side, the officials said.

The new agreement, which is to succeed the current accord in March 1996, will also permit a more flexible use of Japanese money, such as for electricity and heating expenses.

Japan is expected to increase its contributions to the U.S. forces by some 6 billion yen in fiscal 1996 from the previous year, according to the new accord, which will be signed on Sept. 27 in New York.

Excluding basic costs for land and facilities, Japan's total contributions are projected to hit about 180 billion yen in fiscal 2000, when the new agreement is set to expire, up 30 billion yen from fiscal 1995.

During negotiations for the new agreement, the U.S. requested an expansion of the Japanese workforce on U.S. bases from the current maximum of 22,000 in order to shorten their working hours from the current 44 hours a week to 40 hours.

Since the actual number of Japanese workers on U.S. bases is short of the maximum, an increase of about 400

is expected for the first year, with the figure growing eventually to 1,000.

Regarding transportation costs, Japan will shoulder the 400 million yen required for the recent relocation of a night landing site from the Atsugi base in Kanagawa Prefecture to Iojima.

Under the bilateral agreement first struck in 1987, Japan shoulders certain costs of Japanese employees, in addition to the long-standing supply of facilities and land.

The current agreement, reached in 1991, obliges Japan to supply basic salaries, allowances and utilities costs for civilian employees at U.S. bases.

In the current fiscal year, Japan should pay a total of 147.7 billion yen under the agreement, as well as an additional 452.7 billion yen to cover basic costs for land and facilities for U.S. troops in Japan.

Further on Resumption of French Nuclear Test**Premier on Chirac's Trip Postponement**

OW0809095795 Tokyo KYODO in English
0908 GMT 8 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 8 KYODO — Prime Minister Tomiichi Murayama said Friday [8 September] that French President Jacques Chirac's postponement of his planned trip to Japan is not due to Finance Minister Masayoshi Takemura's conspicuous antinuclear activities.

The premier was responding to a question about Thursday's announcement by the French Presidential Office that Chirac will not visit Japan as a state guest in the near future because of Japan's continued criticism of France's resumption of nuclear testing.

"I presume the decision was made in consideration of international antinuclear voices," he told reporters at his official residence.

During his visit to Paris in June, Murayama extended an invitation to Chirac to visit Japan. He agreed in principle to accept the offer, with the trip scheduled to take place by May.

France on Tuesday detonated a nuclear device at Mururoa Atoll in the South Pacific in defiance of a chorus of global protests.

Takemura was in Tahiti last weekend to attend an international antinuclear rally, not as a cabinet minister but as an individual politician.

After the blast, Takemura described the action as "crazy."

Tokyo is planning to send a special envoy to Paris to express regret over the testing and to urge a halt to more experiments.

Ambassador To Explain Tokyo's Stand

*OW0809064195 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 7 Sep 95 Morning Edition p 2*

[FBIS Translated Text] Koichiro Matsuura, Japan's ambassador to France, who is back in Japan temporarily, granted an interview to NIHON KEIZAI SHIMBUN on 6 September after France carried out a nuclear test.

Japan plans to submit a draft UN resolution on banning nuclear tests at the next UN General Assembly session. Concerning the handling of the resolution, he said: "Efforts should be made to build a consensus in the international community. It is also necessary to hold consultations with the nuclear powers." He indicated the need for adequate discussions with France and other nuclear powers prior to the UN session in order to pass the resolution.

In addition, he said: "The wording of the draft UN resolution will be one item on the agenda at the Japan-France working-level talks on nonproliferation of nuclear weapons, scheduled to be held in Paris on 13-14 September." He disclosed Japan's intention to begin talks immediately with the French government on the contents of the draft.

Moreover, he said: "In the current situation, it is difficult to win a majority at the United Nations with a resolution that names and condemns specific nations. The wording of the draft should be designed to win majority support." He hinted that criticizing France and China by name should be avoided in the draft resolution.

On French President Jacques Chirac's plan to visit Japan next spring, the ambassador noted difficulty in carrying out the plan next spring, saying: "Whether to go ahead with his visit to Japan next spring or adjust the schedule slightly still needs to be discussed. However, I think his visit should take place at an opportune time, and we should consider further how to deal with this issue, including the possibility of postponing his visit."

Regarding the government's stand, he emphasized that: 1) Japan will continue to ask France to reconsider its nuclear testing plans; and 2) Japan and France should absolutely avoid intensifying emotional arguments and conflicts, so that bilateral ties will not be impaired. He denied the possibility of sanctions such as a boycott of French-made products and an increase in tariffs, saying: "If the government takes the initiative, it will be a violation of international rules. The government will

stick to the rules of the World Trade Organization in handling trade issues."

Concerning the objection by both China and France that "Japan has no right to oppose nuclear tests because it is protected by the U.S. nuclear umbrella," he argued, "Although it is absolutely true that Japan is protected by the nuclear defenses of the United States, which is an ally of Japan, this is an entirely different matter from opposing nuclear tests." However, he also said: "The Japanese people must, of course, be aware that Japan depends on the nuclear deterrent capability of the United States."

Tokyo May Send Matsunaga to Paris

*OW0809151695 Tokyo KYODO in English
1455 GMT 8 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 8 KYODO — Japan is likely to send former ambassador to Washington Nobuo Matsunaga as a special envoy to Paris to complain about France's testing of nuclear weapons in the South Pacific, government sources said Friday [8 September].

Foreign Minister Yohei Kono said earlier that the plan to send a special envoy was under consideration.

Meanwhile, government sources disclosed that the dispatch could take place as early as next week and that the coalition will formally decide on the plan next Monday.

They also said there are informal indications that France will accept Matsunaga as an envoy.

Japan has been urging France at the highest diplomatic level to withdraw its plans to resume testing nuclear weapons, and talks have taken place between Prime Minister Tomiichi Murayama and French President Jacques Chirac, and between Kono and French Foreign Minister Herve de Charette.

But now that Paris has gone ahead with the first of a series of planned tests, Japan was considering whether further action is necessary, he said.

Meanwhile, Kono said that when he visits New York later this month to attend an annual meeting of the UN General Assembly, he will place top priority on holding talks with de Charette.

Tokyo is seeking to arrange a meeting of its emissary with Chirac to protest directly over France's nuclear testing, Chief Cabinet Secretary Koken Nosaka said at a news conference.

He also noted that the timing of the planned dispatch and the choice of an emissary have not yet been discussed,

but he reiterated that Tokyo wants to send an envoy as early as possible so as to secure a favorable result.

France detonated a nuclear device at Mururoa Atoll in the South Pacific on Tuesday despite an international chorus of demands for Paris to cancel its nuclear tests.

Tokyo Not To File Against Paris

*OW0809123195 Tokyo KYODO in English
1040 GMT 8 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 8 KYODO — Japan does not file a suit against France at the International Court of Justice to protest against and seek the halting of French nuclear tests in the South Pacific, a Foreign Ministry spokesman said Friday [8 September].

Spokesman Hiroshi Hashimoto told a press conference that Japan considers it more effective to urge France directly, both bilaterally and multilaterally, to stop its nuclear testing.

He said it is necessary to have the consensus of concerned parties to bring such a suit to the World Court and that it is unlikely that France would agree to it.

Hashimoto said Foreign Ministry officials explained Friday the ministry's stance in a meeting with representatives of Greenpeace Japan, who proposed that Japan bring the case to the World Court as New Zealand has done.

Tokyo 'Intends To Act Calmly'

*OW0809123295 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 7 Sep 95 Morning Edition p 3*

[FBIS Translated Text] Following China, France conducted a nuclear test in defiance of calls from the Japanese Government and South Pacific countries to stop nuclear testing. The Japanese Government will continue demanding the abolition of the nuclear tests, but does not intend to take drastic protest measures for fear that it might impair Japan's relations with France. The test was carried out partly because nuclear powers such as the United States, Britain, Russia, and France's neighbor Germany did not take the initiative in stopping it. Under the circumstances, there is a limit to what Japan can do in conducting its diplomatic policy under the banner of "antinuclear testing," some political observers point out.

The government will tenaciously continue demanding that France "stop the nuclear testing." However, taking overall Japanese-Franco relations into consideration, the government intends to act calmly and not launch strong protests such as keeping Japan's ambassador to France, who is back home temporarily, in Tokyo for a certain period.

The nuclear test sets public tempers on edge in Japan and France; a squabble boils over into a heated dispute; and it eventually impairs friendly relations between the two nations. Concerned over this possibility, the Ministry of Foreign Affairs [MOFA], for the time being, aims at passing a UN resolution on banning nuclear tests. However, complaints over the government's reaction are already smoldering in some quarters of the ruling parties, saying it only indicates "a limit of its weak-kneed diplomacy."

A majority in the government think that France, like China, may reduce the numbers of tests, but will not stop them. "If President Jacques Chirac cancels nuclear experiments, he will lose his supporters. That will end his political career" (according to a senior MOFA official). With this in mind, the MOFA decided that if Japan recalls its ambassador, it may push France to take a tougher countermove. On 6 September, a top government official said: "Fighting is no good. It will not get us anywhere if the whole thing is turned into a retaliation game."

France already instructed its ambassador to Japan, Jean-Bernard Ouvrieu, to remain in Paris. On the other hand, Yohei Kono, deputy prime minister and foreign minister, decided on 6 September that Japan's Ambassador to France Koichiro Matsuura, who is temporarily in Tokyo on official duty, should go back to Paris as scheduled on 8 September. Some MOFA officials requested a delay in his return. However, seeing that Finance Minister Masayoshi Takemura's participation in a protest rally in Tahiti stiffened the French Government, a majority in MOFA agreed that a vicious circle must be broken off before it accelerates into a protest game.

Foreign Minister Kono intends to appeal for abolition of nuclear experiments in his speech at the UN General Assembly in New York on 26 September. He also plans to hold talks with France's foreign minister to reiterate Tokyo's call on France to stop nuclear tests. The Japanese Government will hurriedly work toward passing a resolution on banning nuclear tests at the United Nations. However, since the government intends not to name France and China in the resolution, no one can deny the possibility that the ruling parties may start criticizing the government for its "half-hearted attitude."

Deputy Foreign Ministers' Meeting Opens With Russia

*OW0809132495 Tokyo KYODO in English
1308 GMT 8 Sep 95*

[FBIS Transcribed Text] Moscow, Sept. 8 KYODO — Japan and Russia on Friday [8 September] opened a

meeting of deputy foreign ministers in an effort to break an impasse in bilateral relations.

Japanese and Russian deputy foreign ministers Shunji Yanai and Aleksandr Panov attended the meeting to discuss, among other things, the schedule for a planned visit to Russia by Foreign Minister Yohei Kono, Japanese officials said.

Kono and Russian Foreign Minister Andrey Kozyrev agreed in an August meeting in Brunei to hold the deputy foreign ministers' gathering to work toward resolving a longstanding territorial dispute over four Russian-held islands off northern Japan.

Japan has been seeking a settlement of the issue according to a bilateral statement issued in October 1993, when Russian President Boris Yeltsin visited Japan.

Tokyo Considering Flood Aid to DPRK

OW0709105495 Tokyo KYODO in English
0923 GMT 7 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — Japan will positively consider extending humanitarian assistance to the victims of a reported flood disaster in North Korea after the United Nations provides a final assessment of the situation, a government spokesman said Thursday [7 September].

Chief Cabinet Secretary Koken Nosaka told a news conference the UN is conducting a full-scale probe into what Pyongyang says is its worst flood disaster since World War II.

"After studying its outcome, we would like to tackle the matter sufficiently," he said, referring to a pro-Pyongyang Korean residents group's call on Prime Minister Tomiichi Murayama's Social Democratic Party (SDP) [of Japan — SDPJ] to help realize Japan's assistance.

Earlier Thursday, Ho Chong Man, acting deputy of the General Association of Korean Residents in Japan (Chongryun), officially filed the request to the SDP.

In a positive stance on the flooding assistance, Murayama said to reporters later, "I think humanitarian aid is a good thing in this case."

A recent UN report said the flooding has left 100,000 North Korean families, or 500,000 people in all, homeless. It also said an area in North Pyongan Province had 728 millimeters of rain a day and more than half of its 13,000-hectare farming land was damaged.

Pro-DPRK Group Asks Aid to Flood Victims

OW0809045695 Tokyo KYODO in English
0403 GMT 8 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 8 KYODO — A representative of a pro-Pyongyang Korean residents group in Japan met with Liberal Democratic Party (LDP) leaders Friday [8 September] and asked for Japanese humanitarian aid after devastating floods in North Korea, LDP officials said.

Ho Chong-man, vice chairman of the General Association of Korean Residents in Japan (Chongryun), made the request to Koichi Kato, chairman of the LDP's Policy Affairs Research Council, and other LDP leaders, the officials said.

Ho made a similar request Thursday to leaders of Prime Minister Tomiichi Murayama's Social Democratic Party. Murayama told reporters Thursday that Tokyo will consider providing North Korea with humanitarian aid to flood victims.

UN disaster assessment experts are scheduled to submit a report on the magnitude of damage caused by recent flooding in North Korea after visiting the communist country.

The LDP, the largest among the three parties making up the ruling coalition, plans to go ahead with humanitarian aid to North Korea after scrutinizing a report from the UN Department of Humanitarian Affairs (DHA).

The DHA has said the flooding, reportedly the worst to hit North Korea in 100 years, has left 500,000 North Korean people homeless. North Korea's population is about 22 million.

In June, Japan agreed to give North Korea 300,000 tons of rice, half of it for free, to help the country make up for a food shortage.

Kim Yong-chu, a secretary of North Korea's Workers' Party of Korea, was reported in a South Korean magazine to have said that the Japanese rice represents a Japanese apology for wartime Japanese acts.

But he told the LDP leaders Friday that Kim did not make such a statement.

Alleged Rice Remarks of DPRK Discussed

OW0809141095 Tokyo KYODO in English
1348 GMT 8 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 8 KYODO — The three-party ruling coalition decided Friday [8 September] to further question North Korea over one of its official's alleged remarks that Japan had offered

rice aid to his country as a form of apology for Tokyo's past deeds, coalition officials said.

The coalition has received letters dated Sept. 1 from Kim Yong-sun, a secretary of the ruling Workers Party of Korea, who was quoted by the South Korean magazine "MAL" as making such a comment, said Yukio Hatoyama, secretary general of the smallest coalition partner New Party Sakigake.

"The contents are quite inadequate and do not answer at all whether or not the remarks at issue were made," Hatoyama said.

The letters were addressed to former Foreign Minister Michio Watanabe of the largest coalition pillar Liberal Democratic Party, who visited North Korea in March, and Wataru Kubo, secretary general of Prime Minister Tomiichi Murayama's Social Democratic Party, as well as to Hatoyama in response to the coalition's requests for explanation.

The coalition will send another letter to get an answer as to whether he made the remarks, Hatoyama told reporters.

Kim's letters said it is "imprudent" to make a fuss based upon conjectures, while calling the magazine coverage a plot aimed to hinder the rice aid, he said.

Japan's SANKEI SHIMBUN newspaper reported Friday that Kim has denied the alleged remarks by calling the magazine report a "fabrication."

Kim made the denial in letters to the coalition officials, the report said.

The Japanese Government is at a loss whether it should make the denial public, fearing Tokyo-Pyongyang relations may become worse by doing so, according to the daily.

Japan agreed in June to supply 300,000 tons of rice to North Korea to make up for a food shortage there.

'Slandorous' DPRK Media Attacks on Tokyo Viewed

OW0809013295 Tokyo SANKEI SHIMBUN in Japanese 6 Sep 95 Morning Edition p 5

[By Katsuhiko Kuroda]

[FBIS Translated Text] Seoul, 5 Sep — North Korea (DPRK) has recently been enthusiastic about denouncing Japan. In particular, the country has criticized SANKEI SHIMBUN by name.

Since August, North Korea has repeatedly carried critical and slanderous reports against Japan almost every day in such state-run news agencies as NODONG SIN-

MUN, the Korean Central News Agency [KCNA], and Radio Pyongyang. For instance, it has criticized Japan for past wrongs, militarism, and preparations for aggression. The South Korean mass media, surprised at North Korea's attitude, have carried feature articles on DPRK denunciations of Japan.

North Korea has asked for rice aid and flood relief even while launching fierce attacks on Japan. By taking this attitude, North Korea, commonly said to be a "self-respecting" nation, is believed to be using its "real intention and official stance" case by case, in the usual North Korean style. Still, the recent outcry against Japan is much more vehement than before.

Especially until around June, the country refrained from denouncing Japan in an apparent bid to get rice aid. It was silent even about (former Deputy Prime Minister) Michio Watanabe's remarks, which South Korea says tried to justify Japanese colonial rule and incurred fierce opposition in the DPRK. For this reason, the change in the DPRK's attitude is drawing attention.

The prevailing view of the purpose of North Korea's criticism is that the Japanese public view on North Korea has unexpectedly stiffened in the wake of remarks by Workers' Party of Korea Secretary Kim Yong-sun, who said that Japan offered rice aid not from humanitarian motives but as an "apology" for past wrongs. Thus the DPRK is trying to divert the Japanese people's dissatisfaction with and criticism of it by pointing out problems with Japan or denouncing Japan.

Some people maintain that the country is assuming an "aggressive attitude" to gain an advantage over Japan in future negotiations on aid and normalizing diplomatic relations.

The KCNA carried a long report denouncing SANKEI SHIMBUN on 4 September, criticizing the Japanese newspaper's recent articles about Kim Yong-sun's remarks and the extent of flood damage in North Korea. The contents of the KCNA report are vulgar, as usual. Regarding foreign reports against the DPRK, it always says that the reports are false and claims that the "reports were written for money (from the South Korean intelligence service)."

The average number of Japan-bashing articles in CHO-SON ILBO [Korean Daily] increased to three per day in late August from one per day in early August. As this year marks the "50th anniversary of the national liberation," the North Korean mass media's criticism of Japan's past acts has naturally become stronger than before; the same is true for the South Korean media.

However, the DPRK's Japan-bashing is not confined to Japan's past acts. For example, the 9 August issue of

NODONG SINMUN called anti-nuclear testing actions in Japan "trickery designed to conceal its development of nuclear (weapons)." Radio Pyongyang said on 24 August that "Japan is the world's number two military power" and that it could deal with any war independently. The 30 August issue of NODONG SINMUN denounced a plan for mutual visits by the Maritime Self-Defense Forces' training fleets and South Korean forces as "maneuvers for preparing another inroad" into North Korea. Moreover, the Korean Central Broadcasting Network [KCBN] on 1 September criticized efforts to strengthen the Japan-U.S. alliance. On 3 September, KCBN also asserted that Japan "has regarded North Korea as the first target for its overseas aggression."

With regard to issues of the past, North Korea has repeated its criticism of Japan, saying that unless Japan expresses remorse over its past wrongs and makes reparation, it "opposes Japan's becoming a permanent member of the UN Security Council" (as stated by KCBN on 4 September).

According to a Pyongyang "watcher" in Seoul who once engaged in negotiations with North Korea, the country believes that "criticism of and attack on opponents is the best way to defend itself and gain an advantageous position."

Isuzu To Set Up Holding Company in China

OW0809074295 Tokyo KYODO in English
0707 GMT 8 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 8 KYODO — Isuzu Motors Ltd. announced Friday [8 September] it has received permission from the Chinese Government to set up a holding company in China in November.

The Japanese company said Isuzu (China) Holding Co., based in Beijing, will be the first holding company to be established in China by a foreign automaker.

The holding company, capitalized at 35 million dollars and wholly owned by Isuzu, will coordinate Isuzu's investments and other business activities in China, officials said.

Isuzu entered the Chinese market in 1985 when it signed a contract to transfer production technology for its N series trucks and export finished trucks to China.

The company has since established three companies for production of trucks and truck parts in China and invested in a Chinese manufacturer of small and medium-sized buses.

Bank To Extend Untied Loans to Paraguay

OW0709115095 Tokyo KYODO in English
0906 GMT 7 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — The Export-Import Bank of Japan said Thursday [7 September] it will extend 2.35 billion yen worth of untied loans to Paraguay to finance private-sector investment in plant and equipment there. This is the first such loan by the bank to the South American country and accounts for 50 percent of the total of \$50 million in syndicated loans with the Bank of Tokyo, the Industrial Bank of Japan, and Mitsui Trust and Banking Co., the Ex-Im Bank said.

The three will provide the remaining 50 percent to Paraguay in dollars, to be guaranteed by the Ex-Im bank, it said.

Kono Pleges Support to Zambia's Economic Reform

OW0509060995 Tokyo KYODO in English
0530 GMT 5 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 5 KYODO — Foreign Minister Yohei Kono pledged Japanese support Tuesday [5 September] for Zambia's efforts to pursue economic reforms, a foreign ministry official said.

Kono made the pledge during a 20-minute meeting with Zambian Foreign Minister Christon Tembo, who is visiting Japan to attend a memorial service on Wednesday for the late Prime Minister Takeo Fukuda who died July 5 at the age of 90.

Kono told Tembo that Japan hopes Zambia will continue to make efforts to improve its economy by strengthening its infrastructure because the country plays an important role in security and stability in southern Africa, the official said.

Japan will continue to offer economic aid to the south-central African country in line with its guidelines for Official Development Assistance (ODA), Kono was quoted as saying.

The ODA guidelines, set in 1992, call for taking into account such matters as the recipient countries' democratization efforts and military trends when extending ODA.

Japan has been extending grants-in-aid to Zambia since 1980.

Tembo expressed gratitude for Japanese aid to his country and vowed continued efforts to tackle economic reforms, the official said.

Tembo arrived in Japan earlier in the day for a three-day visit to attend the memorial service as the Zambian Government's special envoy.

The Japanese Government and the Liberal Democratic Party, to which Fukuda belonged, will hold the service at Tokyo's Nippon Budokan Hall.

Fukuda served as prime minister from 1976 to 1978.

Central Bank Halves Key Rate to 0.5 Percent

*OW0809045195 Tokyo KYODO in English
0439 GMT 8 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 8 KYODO — In the face of the growing risk of the economy dipping into another recession, the Bank of Japan (BOJ) announced Friday [8 September] a further reduction in the official discount rate by a half percentage point to a record low 0.5 percent per annum.

Announcing the step, effective the same day, the central bank said in a statement, "the Bank of Japan judged it necessary to further ease its credit grip as a way of making the economy's recovery more certain on the monetary front."

The step took into account "possible effects on the economy of the recent downward trend in prices, which it is feared may continue to excessive levels," the statement said.

News of the cut in the discount rate was released ahead of the announcement of the quarterly "tankan" business confidence survey for August, due out Friday afternoon, which is expected to show no sign of improvement in Japan's economic recovery.

The rate cut is also intended to give confidence to Japan's financial institutions — now languishing under the heavy weight of an estimated 40 trillion yen in nonperforming loans — thereby alleviating international anxieties about the stability of the financial system, financial sources said.

They said the cut in the benchmark lending rate, charged on loans to commercial banks, also aims to magnify the stimulatory effects of an upcoming package of economic measures which are expected to entail a budgetary outlay of some 10 trillion yen.

The cut is also designed to engineer a further weakening of the yen by widening the interest rate differential between Japan and the United States and expediting the flow of funds into interest-bearing debt instruments denominated in dollars, the sources said.

The central bank trimmed the key rate to a historic low of 1.0 percent April 14 from 1.75 percent. The fresh step marks the ninth cut since a peak in the discount rate of 6.00 percent Aug. 30, 1990.

The statement said the central bank will keep guiding short-term money rates further lower by infusing an ample amount of funds into the banking system.

Under the policy, money market rates would stay at levels slightly lower than the new discount rate of 0.5 percent, the statement said.

"The BOJ wants the latest step to help lower money rates further and ensure the economy's steady recovery under a stable-prices trend," the statement said.

Following the cut, the BOJ's key lending rate sank below 1 percent, the first for a developed country.

The central bank deemed it necessary to lower the base lending rate as the nation's production activities have been dwindling despite the expected favorable impact of a weaker yen on the export-dependent economic sectors, the financial sources said.

The concern was also echoed by Japan's chief economic planner Isamu Miyazaki earlier in the day, who pointed to the recent downtrend in the nation's industrial shipments and the start of excessive inventory buildup.

The director general of the Economic Planning Agency said the next monthly economic report, due out next week, will paint a bleaker picture for the economy.

Even after the April cut in the official discount rate, calls for another cut had been mounting in government circles in recent weeks as the economy developed wide-ranging symptoms of coming to a standstill under the weight of a precipitous rise in the value of the yen compared with the level earlier in the year, the sources said.

This year, the Bank of Japan guided short-term interest rates lower in March, cut the key rate in mid-April, and guided the short-term interest rates lower in early July to soften burgeoning deflationary pressures.

'Text' of Discount Rate Cut

*OW0809053095 Tokyo KYODO in English
0445 GMT 8 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 8 KYODO — The following is the English full text of the Bank of Japan's [BOJ's] press release on the official discount rate cut announced Friday [8 September].

The Bank of Japan today decided to lower the official discount rate by 0.5 percentage point from 1.0 percent to 0.5 percent, effective at noon today.

In line with this, the bank decided to ease the reserve pressures, thereby encouraging a further decline in money market rates. The bank expects that short-term

market rates on average will decline slightly below the new discount rate.

Since early July, when the last policy step was taken, most interest rates have declined substantially. In the exchange market, reversal in yen rate has taken place. Against these market developments, business sentiment has generally stabilized and stock prices have somewhat recovered.

On the other hand, the broad scope of recent evidences indicates that activity is still a pause. Downward pressures on prices continue to persist as a whole. Monetary growth has slowed down. On balance, there has emerged a risk that the pause may be prolonged in spite of improved market developments.

By taking today's action, the bank intends to provide stronger support for economic recovery, bearing in mind the adverse influence associated with price declines.

The Bank of Japan expects that these decisions will lead to a further decline in interest rates across the board, thereby contributing to a steady recovery of the economy with price stability. In the light of the natures of ongoing economic adjustment, the bank believes that the effect of monetary easing would significantly be enhanced when accompanied by the implementation of structural policies.

BOJ Head Confident About Effects

*OW0809082595 Tokyo KYODO in English
0759 GMT 8 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 8 KYODO — Bank of Japan (BOJ) Governor Yasuo Matsushita on Friday [8 September] expressed confidence that the latest official discount rate cut will have wide-ranging positive effects on the economy, including easing the massive bad loan burden facing the nation's financial institutions.

"The official discount rate cut will impact favorably (on the issue) as it will lead to a revival of their profitability by lowering banks' fund-raising costs and interest payment burdens of companies," Matsushita said.

Matsushita was responding to reporters' questions on whether the central bank trimmed the rate to help bail out financial institutions that are languishing under the weight of an estimated 40 trillion yen in problem loans.

The base lending rate — charged on central bank loans to commercial banks — was reduced to 0.5 percent from 1 percent per annum earlier in the day.

Matsushita denied the move was made to lift institutions from their financial quagmire but acknowledged that it will help boost their net profits.

His comments followed a news report that the nation's 11 major commercial banks are likely to register record net business profits from their core banking businesses in fiscal 1995, ending in March.

The financial institutions are dependent on their net business profits to write off massive amounts of non-performing loans, now that the stock market is going through a period of instability and weakness, squeezing latent profits on their stock holdings.

He also said the cut will have favorable side effects such as preventing foreign financial institutions from demanding that Japanese institutions pay "Japan premium" interest in addition to ordinary rates at which foreign currency loans are extended overseas.

"I am aware of cases of (payments of) the Japan premium being demanded in foreign money markets," he said, adding that continuation of such practices would be "undesirable."

"The answer to the problem is to bolster overseas confidence in the power of both Japanese financial institutions and the economy," he said.

"The official discount rate cut will also exert favorable effects in that direction and would turn out to be the best countermeasure to the issue if it leads to stimulating the economy and making management of financial institutions healthier," he said.

Matsushita said the bank instigated the cut on a judgment that prolongation of the economic standstill might lead to a recession.

He rejected suggestions that the economy has already started receding, saying, "we thought the official discount rate cut is necessary to lead the economy to a recovery track."

Matsushita pointed to a series of alarming indicators that led the BOJ into trimming the discount rate for the second time in five months and the ninth time since 1990.

The last reduction was made April 14, to 1 percent from 1.75 percent.

"Slowing trends in exports have become clear and levels of investment in housing have dwindled," he said. He also cited factors such as sluggish private consumption, insufficient capital spending and anemic industrial production.

"Although a recent weakening of the yen has produced expectations that it will boost corporate confidence, there is no evidence that it has led to activating capital outlays or private consumption," he said.

Top Banker Welcomes Rate Cut

OW0809074495 Tokyo KYODO in English
0654 GMT 8 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 8 KYODO — Japan's top banker welcomed the Bank of Japan's decision Friday [8 September] to cut the official discount rate as a "timely, proper step."

Toru Hashimoto, chairman of the Federation of Bankers Associations of Japan, said in a statement the decision by the central bank came at a time when fears were growing of a possible economic recession in Japan.

Hashimoto said the rate cut, combined with an additional economic stimulation package and a new supplementary budget being worked out, would reflate the flagging economy.

Takemura Says 'Boldest Action'

OW0809134495 Tokyo KYODO in English
0850 GMT 8 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 8 KYODO — Finance Minister Masayoshi Takemura welcomed an official discount rate cut by the Bank of Japan on Friday [8 September], calling it "the boldest action taken by financial authorities in the postwar era."

Takemura told a news conference the rate reduction was a very timely step based on a comprehensive review of the present state of the domestic economy and the financial market.

Takemura denied speculation that the rate cut was intended to help ease the debt burden of financial institutions, saying such an objective must be ruled out in changing the key interest rate.

The central bank lowered the official discount rate by 0.5 percentage point to an all-time low of 0.5 percent per annum Friday.

Takemura said the government plans to formulate a new economy-stimulating extra budget with an emphasis on public works projects despite the stringent state finances.

He expressed hope that the domestic economy will begin to pick up toward the end of this year.

Takemura said the Finance Ministry's basic stance toward the foreign exchange market remains unchanged, indicating the market now is in a reverse phase in the wake of the strong yen and weak dollar.

MITI's Tazawa Welcomes Cut

OW0809052295 Tokyo KYODO in English
0450 GMT 8 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 8 KYODO — Justice Minister and acting Trade Minister Tomohiro Tazawa said Thursday [as received] he welcomed the Bank of Japan's [BOJ's] discount rate cut to 0.5 percent per annum.

"It is a bold step in line with the economic conditions," Tazawa said in a released statement, noting that the current situation does not allow for optimistic views on the economy.

He expressed hope that the rate cut will be reflected in the interest rates on loans and on the foreign exchange market.

Domestic industries should be confident and make management plans with their eyes on the future, said Tazawa, who is acting trade minister while Ministry of International Trade and Industry (MITI) chief Ryutaro Hashimoto is on a trip abroad.

Business Leaders: Rate Cut Timely

OW0809053295 Tokyo KYODO in English
0447 GMT 8 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 8 KYODO — Business leaders welcomed the Bank of Japan's decision to lower the official discount rate Friday [8 September] as a timely step and called on the government to implement economy stimulus measures as soon as possible.

Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), said he appreciated the central bank's decision.

He said the step was taken at a time when business executives were seriously concerned about the future direction of the Japanese economy.

Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry, welcomed the central bank action and urged the government to formulate effective measures to stimulate the economy as soon as possible.

Jiro Ushio, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), said the decision by the Bank of Japan was a timely step that will bring a favorable impact on the domestic economy.

Jiro Nemoto, president of the Japan Federation of Employers Associations (Nikkeiren), expressed hope the rate cut will lead to a further decline in the value of the Japanese yen.

He called for an early enactment of a new supplementary budget of at least 5 trillion yen to prop up the economy.

EPA Head: Recovery Unlikely To Start in 1995

OW0809141495 Tokyo KYODO in English
0818 GMT 8 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 8 KYODO — The Japanese economy is unlikely to start recovering this year, Japan's top economic planner said Friday [8 September].

Isamu Miyazaki, director general of the Economic Planning Agency (EPA), expressed the hope at a news conference that the recovery process will start early next year.

He said the Bank of Japan's decision earlier Friday to cut the official discount rate to a record low 0.5 percent per annum was aimed at ensuring the country's economic recovery.

Miyazaki also issued a statement welcoming the central bank's decision as a "timely, proper step," taking into consideration economic and financial market trends.

The statement said the government will implement effective economic stimulation measures to remove economic uncertainties and to ensure economic recovery.

But at another news conference earlier Friday, Miyazaki painted a bleaker picture of the economy, saying he thinks conditions are "slightly more serious," than before.

The government's monthly report on the economy, due out next week, is likely to say that "economic stagnation has become more severe," he said.

In its recent monthly reports, the agency has assessed Japan's economy as having come to a halt.

Miyazaki said the figures for industrial production are bad, and he expressed concern about the decline in shipments and the excessive buildup of inventories.

Major Firms' Business Sentiment 'Worsened'

OW0809061195 Tokyo KYODO in English
0549 GMT 8 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 8 KYODO — Business sentiment at major Japanese companies worsened in August for the first time since November 1993 due chiefly to the yen's rise and inventory adjustment moves, the Bank of Japan (BOJ) said Friday [8 September] in its "tankan" quarterly survey.

A BOJ official said, "the tankan reflects the fact that the economy is stalling. Companies' cautious judgment

that the pause in economic recovery will continue is also reflected in the survey."

The tankan business sentiment survey showed that the key diffusion index for major manufacturers stood at minus 18, down from minus 16 in the preceding survey conducted in May.

For leading nonmanufacturers, the index, representing a percentage share of respondents observing favorable business performance minus those feeling otherwise, came to minus 28, down from minus 27.

The confidence index for the period to December stood at minus 18 at major manufacturers, unchanged, while it came to minus 20 for leading nonmanufacturers, an improvement from minus 28.

The survey indicates anxieties that a possibility of moderate economic recovery in the latter half of fiscal 1995 will retreat, the BOJ official said.

While the yen's fall and a recovery of share prices are favorable factors for business sentiment, inventory adjustment pressure is hitting companies, he said, adding that firms seem to be judging that favorable factors will likely offset the bad ones in the future.

Major Firms Expect Profit Increase in FY95

OW0709112895 Tokyo KYODO in English
1011 GMT 7 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — Large Japanese companies are likely to post a double-digit growth in unconsolidated pretax profit for the 1995 business year ending next March 31, according to forecasts released by Thursday [7 September] by think tanks affiliated with major brokerages.

The institutes attributed the projections of a double-digit profit rise for two consecutive years to the recent fall in the yen's value against the dollar on the foreign exchange market.

The estimates were based on the assumption that the foreign exchange rate in the year would average 90-93 yen to the dollar, compared with the previous assumption of 85 yen to the dollar.

The survey covered companies listed on the first section of the Tokyo Stock Exchange (TSE), except financial institutions.

The institutes said the recent correction in the yen's appreciation will improve the profitability of export-oriented companies such as electronics, automobile and precision instrument makers, adding semiconductor makers continue to enjoy brisk demand for their products.

Nikko Research Center, affiliated with Nikko Securities Co., forecast the 569 companies it surveyed will post a 0.3 percent sales increase in the year and a 16.3 percent profit gain.

The Yamaichi Research Institute of Securities and Economics, a unit of Yamaichi Securities Co., forecast that the 455 companies it surveyed will post a 12.4 percent gain in pretax profit despite a 0.2 percent sales drop.

The Daiwa Institute of Research, a unit of Daiwa Securities Co., predicted that the 547 companies it surveyed will post a 15.0 percent gain in pretax profit despite a 1.0 percent sales drop.

For the 1996 business year, Yamaichi forecast a 12.2 percent gain in pretax profit for all industries, Nikko predicted a 15.4 percent increase and Daiwa forecast a 14.8 percent rise, on the assumption that the foreign exchange rate would average 95-100 yen to the dollar.

Smaller Companies Consider Yen Still Too Strong

*OW0709114795 Tokyo KYODO in English
1001 GMT 7 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — An overwhelming majority of smaller companies surveyed think the recent depreciation of the yen is not steep enough to help improve their operations, the Small and Medium Enterprise Agency said Thursday [7 September].

The agency conducted a survey on more than 1,000 smaller businesses Aug. 28, when the yen stood at around 97 to the dollar, to assess the effect of the yen's fall.

It received replies from 931 of them which were grouped into companies with export ratios of more than 10 percent, companies competing with imports and subcontractors.

Among the survey's findings, 83 percent of export-oriented companies replied that the yen's depreciation to nearly 100 to the dollar has hardly bettered their performances, the agency said.

The same answer was cited by 94 percent of companies competing with imports and 91 percent of subcontractors.

The average break-even exchange rate mentioned by exporters came to 108 yen to the dollar, the agency said.

Asked about how to cope with the adverse effects of the still strong yen, 65 percent of the respondents said there are no countermeasures left, while 17 percent referred to personnel cuts, according to the agency.

The agency, therefore, said the employment situation will get worse unless effective measures are taken to improve economic activity.

Murayama Urges Resolution of Bad Loan Problems

*OW0809090495 Tokyo KYODO in English
0815 GMT 8 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 8 KYODO — Prime Minister Tomiichi Murayama on Friday [8 September] reiterated his determination to resolve the nation's bad loan woes, restore the health of the financial system and put the economy back on a full-fledged path to recovery.

"It is an urgent task to dispose of bad loans at an early date and restore the function of the financial system to put the Japanese economy back on a steady recovery track," the premier said in an address at a convention of the Marine and Fire Insurance Association of Japan.

While calling on lending institutions to strive further to resolve the nonperforming loans problem, Murayama said, "the government will also do its utmost to prevent long-cherished confidence in the financial system from being undermined."

However, he stopped short of specifying what steps his administration will take to rescue the banking sector, which suffers from at least 40 trillion yen in problem loans.

Meanwhile, the premier welcomed the Bank of Japan (BOJ) reduction Friday of its official discount rate to another historic low of 0.5 percent per annum.

"This is a timely and appropriate measure," Murayama said. "I am convinced that this step will contribute greatly to economic recovery."

He also said a series of pump-priming measures taken over the past several months has had a positive effect on the economy, leading to correction of the yen's steep rise against the U.S. dollar and revitalization of the stock market.

But the premier acknowledged that recovery is at a standstill and the job situation remains grim, and reiterated the need for further economic support measures.

The Murayama administration is scheduled to unveil an additional pump-priming package worth 10 trillion yen by Sept. 20.

At the same session, Finance Minister Masayoshi Take-mura hailed the central bank's cut in its key lending rate charged on other financial institutions, saying it will have a good economic effect.

Saying the yen's strength is in the process of being rectified, Takemura spoke of the need for macroeconomic measures, including those to slash Japan's huge current account surplus.

BOJ Governor Yasuo Matsushita also said in his address that Friday's rate cut will drive other lending rates as a whole and help the nation's economy regain its strength under stable consumer prices.

New Bank Slated To Replace Hyogo Bank in Fall

OW0709114895 Tokyo KYODO in English
1003 GMT 7 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — A new bank to take over operations of the failed Hyogo Bank will be set up this fall, a senior Finance Ministry official said Thursday [7 September].

Vice Finance Minister Kyosuke Shinozawa said at a press conference, "a new bank should be created as early as possible this fall so that Hyogo Bank's operations can be transferred to it early next year."

Junzo Yoneda, vice president of the Kobe Chamber of Commerce and Industry, who has accepted presidency of the new bank, will take the initiative in collecting investors for the bank, Shinozawa said.

The ministry and the Bank of Japan (BOJ) will cooperate with Yoneda in proceeding with preparations for the bank's establishment, he said.

For another failed financial institution, Kizu Credit Union, the Osaka Prefectural Government will start detailed inspection from the end of September to fix the amount of losses it incurred, Shinozawa said.

After the inspection, the Osaka government will finalize a disposal scheme for kizu promptly in cooperation with the ministry and the BOJ, he said.

Tax Authorities Impose Penalty to Banks

OW0709140195 Tokyo KYODO in English
1335 GMT 7 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — Tax inspectors have imposed more than 10 billion yen in punitive taxes on six of the nation's leading commercial banks over their failure to declare interest on overseas loans, informed sources said Thursday [7 September].

The Japanese banks, which have been ordered to pay the additional taxes, are Sanwa, Fuji, Dai-Ichi Kangyo, Sumitomo, Mitsubishi and Daiwa Banks, they said.

Sanwa Bank has incurred the heaviest penalty of some 4.5 billion yen, including additional penalty tax for fraud, followed by 4 billion yen for Dai-Ichi Kangyo

Bank and 1 billion yen or more for Fuji Bank, they said.

The sources said the Japanese banks have sought tax reductions from the tax authorities under the so-called foreign tax reduction system, which aims at avoiding double taxation in domestic and overseas, involving their overseas loans.

They said the banks' branches in Hong Kong and Singapore have extended loans to subsidiaries of Australian and New Zealand firms during the five-year period from April 1989, in return for the parent companies' depositing money as collateral at the banks.

The Japanese banks have paid income tax on interest on the loans at source to the governments where the subsidiaries are located, they said.

The Australian and New Zealand parent companies, headquartered in nations which do not impose taxes at source on interest income, could eventually lower their tax burdens on the deals, the sources said.

The Japanese tax inspectors, however, ruled that such deals, where the Japanese banks act as mediators in fund transfers between parent firms and their subsidiaries, are designed to abuse the foreign tax reduction system, and violate domestic tax laws, according to the sources.

Five of the banks involved — Sanwa, Fuji, Dai-Ichi Kangyo, Daiwa and Sumitomo — have filed a complaint to the national tax tribunals in Osaka and Tokyo, charging that the tax reductions, questioned by the tax authorities, are legal and do not constitute tax evasion.

MOF Scandal Penalizes High-Ranking Officials

OW0809070195 Tokyo KYODO in English
0630 GMT 8 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 8 KYODO — The Ministry of Finance penalized four high-ranking officials, including the finance minister, Friday [8 September] for neglecting to properly oversee a former ministry official who received large donations and used them for securities investment.

The four are superiors of Yoshio Nakajima, former chief of the ministry's Institute of Fiscal and Monetary Policy, who resigned from the ministry this summer. Nakajima earlier served as deputy director general of the Budget Bureau.

The four penalized officials are Finance Minister Masayoshi Takemura, Vice Finance Minister Kyosuke Shinozawa, Takeshi Komura, director general of the Budget Bureau, and Yoji Wakui, director of the finance minister's secretariat.

Takemura and Shinozawa will each take a 20 percent pay cut for two consecutive months from September, and Komura a 10 percent pay cut for the same period, along with a verbal admonition. Wakui got a serious warning in writing.

Shinozawa paid a visit to Prime Minister Tomiichi Murayama to apologize for the ministry's insufficient supervision of Nakajima.

Murayama said he perceives the problem as a serious matter, but told Shinozawa, "I want ministry officials to tackle their duties firmly."

Nakajima was dismissed from the top post at the institute in July after it was revealed that he had signed a contract in February 1994 with a management consultant linked to a central figure in a recent credit union scandal.

The central figure, Harunori Takahashi, former head of the dissolved Tokyo Kyowa Credit Association, has been indicted for alleged breach of trust.

In March, the ministry set up a disciplinary panel after it came to light that senior Finance Ministry officials had cozy ties with Takahashi. Nakajima, together with other senior officials, was reprimanded in March over those ties.

Nakajima came under renewed fire Thursday after the ministry unveiled the findings of an in-house probe which showed that he received more than 50 million yen from about 10 people during 10 years at the ministry. He used the money to buy his home and golf club certificates, as well as to invest in stocks, bonds and large- lot time deposits, the ministry said.

Nakajima, who once served in the audit department of the National Tax Administration Agency, did not declare the donations in his annual income statement to the tax authorities, the investigations showed. He corrected his tax returns at the beginning of September after he came under the ministry's probe.

Takemura told a news conference, "the national tax authorities and the securities and exchange surveillance commission will deal with" Nakajima's tax statement irregularities and another allegation of insider trading.

Market Share of Foreign Chips Showing Growth

*OW0809151795 Tokyo KYODO in English
1432 GMT 8 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 8 KYODO — Foreign-made semiconductor chips took more than 20 percent of the Japanese market in the April-June period, marking their seventh consecutive quarter above the yardstick set under the 1991 Japan-U.S. semiconductor

pact, according to data released by both U.S. and Japanese trade offices Friday [8 September].

The market share, as calculated by Japan's Ministry of International Trade and Industry, was 23.8 percent in the second quarter of 1995, up 0.2 percentage point from the preceding three months.

The office of the U.S. Trade Representative put the share at 22.9 percent, up 0.1 percentage point.

The Japanese trade ministry said the figure is evidence that competitive foreign chips have secured their share in the Japanese market, backed by the brisk sales of personal computers here.

The ministry added the sales value of foreign chips has also shown firm growth. According to the Japanese calculation method, foreign chip sales during the period amounted to about 196 billion yen, while under the U.S. method they weighed in at about 187 billion yen.

In both methods, the value increased by some 20 billion yen from the previous quarter, the ministry said.

Overall domestic demand for chips also showed a strong growth in the period, topping 800 billion yen for the first time since the monitoring of the Japanese chip market started in the July-September period of 1991, the ministry added.

Keiya Toyonaga, chairman of the users committee of foreign semiconductors under the Electronic Industries Association of Japan, said in a written statement, "The results demonstrate that foreign semiconductors have established a solid position in the Japanese market despite fluctuating variables such as the extremely high yen, the worldwide shortage of semiconductors and the shift offshore of much Japanese consumer electronics production."

Article Previews Murayama's Middle East Trip

*OW0809060995 Tokyo YOMIURI SHIMBUN
in Japanese 6 Sep 95 Morning Edition p 2*

[FBIS Translated Text] Prime Minister Tomiichi Murayama plans to visit Saudi Arabia, Egypt, Syria, Israel, and Jordan during his trip to the Middle East on 12-19 September. He will be the first Japanese prime minister to visit Israel and Syria, the countries that hold the key to Middle East peace. Taking this opportunity, the government hopes to change its policy of attaching special emphasis to Arab states, often criticized as a diplomatic attempt to ensure a steady supply of oil; the change characterizes Murayama's forthcoming trip as the first step of Japan's new Middle East diplomacy. During his trip, the prime minister will assure all the countries he visits that Japan will actively participate in the Middle

East peace process. He will also announce plans to send Self-Defense Forces personnel to the Golan Heights to join UN-led peacekeeping operations and to continue large-scale aid to the Palestine self-rule government.

Murayama will meet with the leaders of the five countries. Also under consideration is a meeting with Yasir 'Arafat, chairman of the Palestine Liberation Organization, in Gaza, where the Palestine self-rule government is located.

Behind Murayama's resolve to promote Middle East diplomacy more energetically lie two facts: there has been a stronger possibility of peace in the region since the end of the Gulf crisis in 1990, and progress has been made in peace talks between Arab states and Israel.

The visit to Syria, the country that holds the key to Middle East peace and is waiting for an opportunity to strengthen its say in the region, is significant. For the "strategic" purpose of facilitating peace, Murayama will offer large-scale aid, some 10 billion yen.

During his visit to Gaza, the prime minister will announce that Japan will continue for another two years its plan to provide the Palestine self-rule government with \$200 million over two years. The aid program started in October 1993, during the Hosokawa administration, to help Palestinians operate their government and create jobs.

This is the first Middle East trip by a Japanese prime minister since October 1990, when then Prime Minister Toshiki Kaifu visited five countries in the region, including Saudi Arabia and Egypt.

The main purpose of Kaifu's trip to the Middle East, which took place two months after the Iraqi invasion of Kuwait, was to offer financial assistance to Gulf states. Murayama's trip is said to aim at a new Middle East diplomacy. The government hopes to abandon its policy since the so-called 1973 oil shock of attaching special emphasis to Arab states and to practice instead a "well-balanced diplomacy" giving equal importance to all the Middle East countries, including Israel.

So far, the Arab League's economic boycott of Israel has been an obstacle to Japan's increasing trade with and investment in Israel. Although this situation has improved with progress in the peace process, Israel has expressed its dissatisfaction, saying, "Japan still leans toward the Arab states."

Some expect that during Murayama's visit to the country, Israel will get a good impression of Japan and that pro-Israeli lobbyists influential in U.S. politics will change their stand toward Japan.

There is a correlation between Japan-U.S. relations and Japan's Middle East policy. Worried about the security of Israel during the Gulf war, Jewish lobbyists in Washington conducted campaigns claiming that Japan's financial aid to Israel was "too little and too late." This is a well-known fact.

It is expected that Japan will be able to improve its relations with Israel by practicing "new Middle East diplomacy." A government source said: "Private companies' willingness to invest in Israel will be heightened merely by the prime minister's visit."

Coalition To Convene Diet Session 29 Sep

*OW0809110495 Tokyo KYODO in English
0922 GMT 8 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 8 KYODO — The ruling coalition agreed Friday [8 September] to convene an extraordinary session of the Diet on Sept. 29 to discuss a second supplementary budget for the current fiscal year and a bill to revise the law on religious organizations, coalition officials said.

The Diet Affairs Committee chairmen of the three partners of the coalition — the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake — decided to seek a 50-day session until mid-November.

Deputy Chief Cabinet Secretary Hiroyuki Sonoda said the cabinet of Prime Minister Tomiichi Murayama will formally approve the Diet session schedule Sept. 22.

The coalition partners reaffirmed their plan to submit to the session a bill to amend the law regulating religious organizations for passage during the session.

The amendment has been proposed in connection with a series of crimes allegedly committed by the Aum Shinrikyo cult, which enjoys tax and other privileges as a registered religious body.

The ruling coalition wants to schedule Murayama's key policy speech and Finance Minister Masayoshi Takemura's speech on fiscal and financial problems for the first day of the session.

Koizumi 'Unlikely' To Run for LDP Presidency

*OW0709125095 Tokyo KYODO in English
1229 GMT 7 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — Former Posts and Telecommunications Minister Junichiro Koizumi is unlikely to secure enough supporters to run in the Sept. 22 presidential election of the Liberal Democratic Party (LDP), the dominant partner

in Japan's tripartite ruling coalition, party sources said Thursday [7 September].

The odds are growing that International Trade and Industry Minister Ryutaro Hashimoto will become the next party leader without a vote as incumbent LDP President Yohei Kono, who also serves as foreign minister, has withdrawn from the race.

Koizumi, however, has not given up hope for collecting support from the 30 LDP Diet members necessary for his candidacy by Sunday, when campaigns for the party presidential election will formally begin.

Koizumi has secured support from 22 LDP lawmakers, according to an aide, but his bid has hit a snag because of his unpopular proposal for the privatization of the nation's postal operations, the sources said.

The LDP election committee will accept candidates Sunday to start election campaigns, but under the circumstances Hashimoto is likely to assume the post that day.

Meanwhile, Hashimoto told a meeting of his supporters that he "would like to do as much as possible for the future of Japan."

He also said he would seek a more democratic decision-making process within the party if he is elected party president.

"I would strive to achieve participation by all party members (in making party policy) through legitimate functions of party organizations," he said.

He also voiced hope for crossing swords with Koizumi in the presidential election to stimulate interest in the party.

Many LDP lawmakers are for voting, but they think recommending Koizumi would affect their reelection chances because the former minister advocates privatizing the ministry's posts and postal savings businesses.

Koizumi said he will wait until Saturday, saying his parliamentary supporters are "running about" to gather backers.

An organization of the heads of small rural post offices and their families numbering some 147,000, who are traditional LDP supporters, has objected to privatization.

Koizumi supporters have told him it is "extremely difficult" to secure the required number of official supporters by the deadline because of his privatization policy, the sources said.

Koizumi has said he will stick to the policy.

Donation to Political Parties Declining

*OW0709083695 Tokyo KYODO in English
0828 GMT 7 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 7 KYODO — Tax-free political funds collected by Japanese parties and groups totaled 148.36 billion yen in 1994, dropping for the third consecutive year, the Home Affairs Ministry said in an annual report Friday [8 September].

The figure was down 13.4 percent from 171.3 billion yen in 1993.

The decrease stemmed largely from public distrust in politics, corporate cautiousness over donations due to continuing changes in the political situation, the prolonged sluggishness of the economy and the fact that there were no parliamentary elections in 1994.

Political donations totaled 65 billion yen, making up for 43.8 percent of all political funds and dropping 16.5 percent from 1993. Of the 65 billion yen, 26.9 billion yen was from companies and groups, decreasing 24.2 percent, and 7.1 billion yen came from individuals, down 14.2 percent.

Corporate donations decreased in every industry, with the construction, real estate, steel and metal industries reducing their political donations by some 80 percent.

Two of the three ruling parties — the Liberal Democratic Party (LDP) and New Party Sakigake [Harbinger] — and the main opposition party Shinshinto (New Frontier Party) received donations from major companies.

Political parties are expected to have greater difficulty collecting funds from now on as legislation controlling political donations was tightened this year.

The 148.36 billion yen total was the eighth largest annual amount since the ministry began compiling statistics of the kind in 1976, and marked the first-ever decrease for three years in a row.

A total of 4,242 political parties and groups, or 79.1 percent of those obliged to submit their fund reports, presented such reports to the ministry.

By party, the opposition Japanese Communist Party collected 33 billion yen to remain as the top recipient of political funds, mainly through sales of its party paper *AKAHATA* and other publications. It collected 32.3 billion yen in 1993.

The LDP, the largest ruling coalition party, followed with 12.7 billion yen, down 52.7 percent from the previous year. The decrease was partly due to the lack of big borrowings as election funds.

Prime Minister Tomiichi Murayama's Social Democratic Party (SDP) got 5.5 billion yen, a 24.2 percent decrease, with Sakigake, the smallest in the ruling coalition formed in June 1993, gathering 900 million yen, double the 1993 figure for the party.

Shinshinto, which was formed in December 1994 by an alliance of nine noncommunist opposition parties, collected 900 million yen. Komeito, now in Shinshinto, gathered 11.9 billion yen.

Among individual politicians, Murayama collected no money through his fund-raising body. The prime minister dissolved such body in August last year, saying he does not need money.

Foreign Minister Yohei Kono, who will not run for a second two-year term as LDP president in the Sept. 22 election, raised 180 million yen, an increase of 3 percent.

International Trade and Industry Minister Ryutaro Hashimoto, who is expected to assume the LDP presidential post, got over 400 million yen, though dropping 38 percent.

Former Posts and Telecommunications Minister Junichiro Koizumi, who is seeking candidacy in the LDP leadership race, collected 111 million yen, a drop of 30 percent.

Reports on political funds collected in 1994 by local parties, groups and party branches will be released next spring. The amount of 1993 local political funds was 159.0 billion yen, a 0.4 percent rise from 1992, the ministry said in May.

Former Premier Hosokawa Ready To Act Again

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[Article by former Prime Minister Morihiro Hosokawa:
"A Proposal For a Japanese-Style New Deal Alliance"]

[FBIS Translated Text] To Begin With

Since last May when I resigned from the post of prime minister, I have remained silent — since I promised "not to speak" — to the best of my ability by avoiding public appearances. This is because of my feeling of accomplishment, to say the least, in a timely role in tearing down Japan's Berlin Wall — the 1955 political order. That was possible by establishing the Japan New Party [JNP] just three years ago when I declared, "I will speak out when I have to." These days, Japanese society has become so occlusive that I cannot help but break my silence. I decided to pour forth my heart because I felt that my continued silence amounts to abandoning my responsibility as a politician.

A political leader should take extreme care in making remarks, lest they arouse anxiety to no purpose. However, if I may speak my mind, I have a feeling that my conclusions inevitably include such "crises" as a breakdown of the international monetary system within two to three years. Everyone knows that firmly established political leadership is required more than anything else to carry out drastic structural reform in such fields as politics, the economy, and education. Neither the present regime nor its supporting political parties, however, has the intention or ability to put it in force. This is more than natural for a regime whose sole purpose is keeping a hold on the government. Such an attitude is apparent from its measures to cope with the yen's appreciation, deregulation, and half-hearted administrative reform on such matters as special public corporations and its response in crisis management.

Like the old saying that "a man of virtue makes a qualitative apology, while a man of small calibre makes a literal apology for his error," those in power revealed their true character in adopting a Diet resolution, whose necessity was in doubt from the beginning, on the 50th anniversary of the end of World War II. Empty in substance, a conceited and compromising document was deliberately drafted and forcibly adopted on the grounds that "after all, it is annoying to be disturbed," totally ignoring the opposition's demand for amendments.

On the other hand, the opposition side is unable to present drastic countermeasures at such an important time when a new election system has been formulated to make a change in government a reality. Instead of steadily working out programs to recapture the reins of government by devoting themselves to the duties of the opposition, different groups are not discussing policies but keeping their distance from each other. The opposition groups are bent on recapturing the government, and some of them were found in confusion less than a year after their coming into being as a new political party or parties, with their eyes on future election results.

In such a critical situation where Japan appears to be sinking to the bottom of sea, this is no time for politicians to engage in negotiations or deals to win more politicians to their side. The fact that 60 percent of the people are saying "no" to the conniving structure of politics, which do not take people into consideration, is something like Jun Eto saying that the "political time of Japan is at a standstill." The political vacuum started long ago, and if it is allowed to continue, a deadly sickness of parliamentary and partisan politics will soon reach the point of no return.

None of the problems that have to be dealt with by politicians can be solved as long as either the present setup or policies are allowed to continue. Tokyo Governor Aoshima's cancellation of the World City Exposition scheduled for Tokyo is a politically violent act, especially in view of history, and involves many points that cannot be clarified as fact. In spite of this, the reason I appreciated the action was that I know that ordinary common sense must be discarded if structural reform is to be done, or the so-called "line of discontinuity" established. Three years ago when I established the JNP, I felt the same as I do now. Many people have now begun to feel strongly that politics will become more and more unable to perform its role if it does not change and is unable to sever itself from the past.

When a democracy with a representational system seems to lose its *raison d'être*, what politicians should do is to define concrete tasks in recognition of the needs of the times and resolve to solve those problems. The fundamentally important themes are unquestionably such policy matters as the Constitution, Japan-U.S. security. If a solution to economic crisis is imperative, politicians must first of all make public a remedy for problems directly related to daily life of the people. They have to set out to work on the project with a deadline of making a definite response by the beginning of the twenty-first century at the latest.

Today, the so-called trade-off is seen in the handling of most policy tasks — whether some tasks can be achieved, others not, and vice versa. It is impossible to fulfill everybody's dreams, so it is important that a conceivable be "reform without taboo," which excludes all taboos. This will not satisfy everybody. All politicians and people are forced to make a decision on whether or not to carry out this reform.

Frankly speaking, political parties are means to put policies into practice. In other words, as Max Weber, German economist and sociologist said, political management by political parties is nothing other than managing politics by the interested parties. A political party is naturally thought to represent consistent ideals and policies. But in these days of relative sense of values, political parties are asked to be broad-minded and flexible in their capacity to respond to the popular will. I do not think they have to be solidly monolithic in all ideals and policies. An important thing in taking political action is whether you can share a fundamental "political culture" based on common understanding of the times. I do not mean by the term "political culture" such meaningless slogans of political determination as "kindhearted to the people" or "being contented with honest poverty." I mean conceptional ability or power to act, the things

people want to find in politicians. Faced with the last chance of reform, there is absolutely no boundary on which to share such "political culture" with anybody, whether they be existing political parties or large economic or labor organizations.

As President Franklin Roosevelt did in the 1930's, when he attempted to overcome the national crisis by means of the so-called New Deal alliance of intellectuals, workers, and minorities, we have to ride out the emergency by making able people available for appropriate positions. At the same time, we must unite people over as wide an area as possible to carry out the objectives by overcoming the present barriers presented by established political parties and organizations, or by the difference between official or private. I mean by the term New Deal that liberalism is reaffirmed and that realism and idealism should be revitalized in politics. I would like to initiate without delay a project to organize such a "Japanese-style New Deal Rengo [Alliance]" with people who feel the same way.

Economic Understanding and Structural Reforms

Needless to say, Japan's existence is based on its maritime power and the continued maintenance of the free trade system. In today's world, all domestic policies and diplomacy are closely related to international politics and world economy.

The Japanese economy today is, in a word, in deflation. The issue of bad credits, a sequela of the collapsed bubble economy, has not been solved due to declining prices of stocks and real estate. As the approach of a monetary crisis is being openly discussed and the yen continues to appreciate, the deflation of assets symbolized by industrial transfer overseas and the restructuring of businesses have at last made an appearance in the deflation of wages and employment. The good old-fashioned Japanese economic system, symbolized by lifelong employment and the seniority system, is now gradually falling apart. And this phenomenon is not a temporary one. Toward the twenty-first century, Japan is turning into a society of the aged in which there are fewer children. Before long, the Japanese population will begin to decrease and domestic demands will slow down, driving the current deflation more than ever in the structural direction. The present deflation is still in the early stage, but it will become a real one in two to three years time, if the current inaction continues. It is a matter of special concern that the current economic situation has rendered a direct blow to young people and college students, the future core of the new political alliance on this historical stage, in the form of job scarcity.

Laying the blame for today's economic situation, which seems unable to extricate itself from these difficulties,

on business cycle factors and taking symptomatic measures to meet problems in business conditions cannot escape being criticized as misdirection — something like giving a patient in critical condition a dose of cold medicine. The only way to revive the Japanese economy is by daring action to cut the way through today's economic condition behind which lie the structural problems created under the 1955 order.

At the time of the Mexican currency crisis the yen hit the peak of its appreciation at 79.75 to the dollar and is at a lull as of 20 June with the exchange rate in the early eighties range. But as the structural factors behind the trend are left untouched, the yen will sooner or later face another phase of appreciation. The worst forecast now sees another spiral of depreciation in the U.S. currency and stocks with its effects in Japan.

Needless to say, the degeneration of the dollar as the key currency and Japan's perennial trade surpluses constitute the structural factors behind this. The United States itself has to improve its twin deficits — trade and budget deficits — in order to correct the declining function of the dollars as the key currency. In view of the nonsymmetrical structure of the economic relationship between Japan and the United States, we are not in a position to say anything about them. Japan, for its part, has to do its best in meeting those foreign exchange problems on which it can take active action. Among the foreign exchange measures Japan can take on its own initiative would be a rectification of its perennial trade surpluses. The only way to do this is expanding domestic demands and expediting imports through drastic deregulation. To do that, we must publicly promise that one-third of the trade surplus will be reduced and make available all possible financial measures.

Japan's administration has grown beyond its actual need, because it is based on a cooperative system between the government and private citizens for purpose of postwar recovery. Since Toshio Doko chaired the ad hoc committee on administrative reform, curtailing the government jurisdiction as much as possible has been proposed. Recently administrative reform, deregulation, and reform of special public corporations achieved little of what had been claimed of them. In February last year, as prime minister, I urged and succeeded in making all government ministries and agencies compile an outline of administrative reform. What I now find conspicuous about the Murayama cabinet's program to promote deregulation are more items to be dealt with but fewer details.

Reviewing regulations should be done in earnest. I cannot engage in political dealings with those who talk about reform but hesitate to tackle individual reform

items such as vehicle inspection, and large-scale retail stores. Every politician must make his position distinct and clear on whether he or she is determined to carry out policies for the benefit of consumers. There is no other way but to launch a political movement with the aim of materializing not empty but real reform, by establishing a core group of the aforementioned "New Deal Alliance" supporters within a party of 30 or 50 people who are united and determined to take drastic action to review regulation in monetary, agricultural and public works projects.

When it comes to reviewing regulations, when I was prime minister I did not follow the conventional method of reducing it by a certain percentage within a certain time-frame, but limited the target of review to several fields such as housing, land, information and communications, price differences between Japan and foreign countries and so on. This new way of tackling the problem met formidable resistance from subjected ministries and agencies with support from behind of Diet members closely related to each government agency. The resistance was powerful enough that it could not be easily pushed away by the present limited authority of a prime minister. In order to execute deregulation in a powerful manner, politicians must, for instance, lay the groundwork that evidence against it should be provided by those who oppose it. In other words, we must decide that wholesale deregulation is necessary, and those who oppose it must justify the need for restrictions, reversing the convention that deregulation supporters are required to find evidence to support their argument. The same principle will be applied to administrative reform, other fields and decentralization of government authority. Essential to do this is a system and the power to enforce it both inside and outside of politics, as I mentioned earlier.

We face an urgent problem in reviving the Japanese economy that has difficulty breathing due to the tight monetary situation. It must first be made clear where the responsibility lies for the bubble economy and for its collapse, and it is essential to solve the problem of bad credits as quickly as possible, even if it takes public funds to do so. For that purpose, both private organizations and the government must subrogate monetary assets or real estate left unsold as bad credits to make the circulation of assets possible. First of all, this should include such measures as cutting transaction costs, including taxes on capital gains, loosening National Land Law regulations, and permitting versatile ways to finance land purchase to help transactions go smoothly.

As far as the bad credits of banking organizations are concerned, time must not be wasted on such lukewarm measures as the Finance Ministry made public in

early June — "A Basic Policy on Disposing of Bad Credits." The ministry should consider investing the fund to finance investments and loans to establish, for instance, a public organizations such as the Land Trust Corporation that cleared up bankruptcies of the Savings and Loan Association in the United States. When the prospect of being able to dispose of bad credits becomes clear, stock markets will come to life and stock transactions must be expedited through the abolition of the transfer tax of negotiable securities. The point is that the government, by its authority, eases the circulation of tightened money, and by the dynamics of the circulating fund potential the power of growth will be released, thus ensuring a revitalization of the economy as a whole, which for such a long time has been in a slump.

If taboos are lifted in structural reform, it is likely to arouse confusion. To evade it and to be able to persuade, limited objectives and priorities should be set, in addition to a deadline for the order of proceedings. As an economic priority, for instance, such measures as tax reform, which would naturally include a review of income and inheritance tax, should be considered. Consideration should also be given to the establishment of an effective financial system, including budget appropriation for public investments and a review of financial investments, that would guarantee equal opportunity, not results.

As far as plans to expand domestic demand are concerned, such ideas as the transfer of metropolitan functions, the creation of a free market, which could be symbolized by the International Monetary Center that opened in the sub-metropolitan center by the sea, and the dissemination of educational facilities could be considered.

Basic Diplomatic Stance

Next comes the basic stance of Japanese diplomacy. The most vital points of our national interest are none other than relations with the United States and China. We have to maintain and construct the same friendly relations with China that we have with the United States. China's economic prosperity benefits not only the Chinese people but also for Japan, Asia and the whole world. We must not refuse assistance for that purpose.

China, a giant neighbor, sooner or later will come to possess industry and armaments parallel to its massive size and population. China in the past strongly accused the Soviet Union of hegemonism and, therefore, I would like to think China will not now step onto the same path. With recent events in mind, however, I feel the post-Deng Xiaoping leaders are fighting among

themselves to test each other's strength of nationalism by bringing up such issues as Taiwan, Hong Kong or the Spratly Islands. The past 100 years for China, in my opinion, represent a history of hardships and trial without a chance of satisfying its nationalism. By the same token, it must be kept in mind that China's dormant wish to become a power may pose a factor for instability in Asia. A greater China, notwithstanding China's consciousness, poses a threat Japan is unable to cope with. It is difficult, of course, for Southeast Asian nations to stand against it and Japan has to be cautious, especially in acting to secure sea trade routes.

There is only one strategy in maintaining friendly relation with China. The first priority is reaffirmation of the continuing significance of Japan-U.S. cooperation. In the event of the emergence of a powerful nation on the Asian continent, notwithstanding China's intentions, Japan will have no other choice but to safeguard its security through cooperation with the United States, the United Kingdom, and others that share a common interest in this region. The Anglo-Japanese Alliance in the early 20th century, and the U.S.-Japan Security Treaty of the Cold-War era can be seen as inevitable Japanese countermeasures to the threat from the north, Russia. Like Japan, a U.S. presence is required for the security of developing Asian nations who do not want to be subject to the influence of China.

Therefore, it is necessary to have far stronger economic and political connections with Southeast Asia, on the basis of the Japan-U.S. relationship, to establish new order and security in Asia with the long-term view of setting up a comprehensive regional cooperative organization. It would not necessarily contain China. The fundamentals of a balance of power are relationships between powers that necessitate only peaceful settlements when problems arise and can become the foundation of future stabilization of Asia and friendly, cooperative relations with China.

The logic that underlay international politics after the Cold War stability, which had been frozen by the nuclear balance between the United States and the Soviet Union, melted was a balance of power of the nineteenth century character. It is true that power that used to be based on military strength has been replaced by economic and technical strength, the power to appeal to international opinion, and the democratic maturity of countries. Although we must pursue earnestly such ideals as international and regional organizations, we must take care such efforts do not blind us to the solemn reality of international politics.

"Friendly relations between nations are nothing other than products of necessity and inevitability. Necessity

produces friendly relations overnight, and such relations collapse in an instant when the interests conflict." Therefore, all friendly relations between nations cannot last long unless there also exists some form of order and stability. Friendly and cooperative relations with China cannot be made stable in the future until they are based on such a new structure.

In an article entitled "Charles de Gaulle's Will Now Made Known," (in the June 1971 issue of the monthly magazine "SHOKUN"), the late French president said that, in a way, the problem of China could well be said to be the problem of Taiwan. The words were spoken before the normalization of diplomatic relations between Japan and China. At that time, the political situation was different from, but these days the problem of Taiwan has come to loom quite large in the Japan-China relations. As the "Will" pointed out, the Taiwan issue is the problem of Calais in Anglo-French relations, the problem of Gibraltar in the Napoleon War, and the problem of Ireland and the Azores during World War I. It is a thorn in the flesh for the continental nation and a vital lifeline for the oceanic nation. In the first place, Taiwan is an area that Japan disclaimed in accordance with the San Francisco Peace Treaty, and is now in no position to say to whom it belongs. Viewed from a different angle, an eternal truth may rule geopolitical relations between continental and oceanic nations.

The Japanese Government has been bent on not making stinging statements about the ruling regime in China, because of past problems from which Japan finds itself unable to escape. For Japan to be justifiably recognized on the international scene, no distortion of history can be tolerated and Japan must not escape facing the facts as they are and make a clear pledge that no mistakes will be repeated. At the same time, it is important for Japan to develop diplomatic relations with every country to exchange frank views. The Murayama cabinet earned its only diplomatic acclaim when it slashed grant funding to China in accordance with the ODA [Official Development Assistance] principle in protest at the nuclear test China conducted.

The question, "which is the priority for Japanese diplomacy, Asia or the United States?" has been popularly posed recently, but such a short-sighted question is likely to conceal the essential problems Japanese diplomacy confronts.

What must not be forgotten is the fact that the United States will become Japan's biggest "enemy," when Japan turns its back on the United States and moves its pivoting foot to Asia. It is repeating exactly "the mistake of the past." The United States is largely relied upon economically by the Asian nations because it is

the most open market for them and accepts the largest number of students from Asia, while Japan is bent on making money from Asia and accepting only a small number of students from these countries. The result of the contest are self-apparent. In the long run Japan without the United States is likely to find that it will be kept at a distance by Asia and the United States.

Receding U.S. influence will lead to a decisive disadvantage for Japan in today's context of the balance of power. As U.S. Assistant Defense Secretary Nye, proponent of the "Nye Initiative," pointed out, efforts must be made to maintain the framework of cooperation, including mutual security between the two countries for the aforementioned reasons, notwithstanding current Japan-U.S. economic friction. On reflection, current Japan-U.S. relations, monopolized by the automobile issue, seem to be extraordinary because no politically high-level dialogue or consultation has been conducted on such issues of joint concern as the problems of China and Taiwan, a possible response to the EAEC [East Asian Economic Caucus] concept. They have been left in the hands of bureaucrats.

In fact, it may not now be easy to make provide a soft landing for East Asia Economic Caucus concept earnestly proposed by Malaysian Prime Minister Mahathir. In order to build close relations with Asian nations, Japan should positively take the initiative and arrange with ASEAN nations a forum for dialogue.

As for another major power, Russia, its medium and long range future is completely beyond the imagination. Although it is said that there is no precedent for a nation going out of existence as a result of economic failure, Russian production, as well as its economy, have continued to fall and the value of the ruble declined by one fiftieth to about 5,000 rubles to a dollar in the three years following price liberalization. Meanwhile, though, many national enterprises have been privatized, so the market economy is gradually being settled into position. Queues outside shops, a classic illustration of the stagnating socialist economy, have disappeared and inflation has begun to show signs of halting following a monthly rise of only one percentage point.

As for the Russian invasion of Chechnya, Japan should continue to tell the Russian Government in strong terms that such military action will not get the backing of international opinion. Drawing the hasty conclusion that the Russian Government's posture is a "return to the old Soviet Union diplomacy" may well drive Russia to isolation and despair. The Chechen situation is really tragic because it is a negative legacy of Russian imperial expansionism. Persuading the Russian Government may not be effective unless Japan takes pity on Russia's

historical destiny, in that it existed as an empire but had no identity as a people's nation before.

As for the territorial issue over the northern islands, a set of principles for a settlement was agreed upon and incorporated in the Tokyo Declaration in October 1993, when I as prime minister welcomed President Boris Yeltsin to Japan and we reached agreement. Details about it will be omitted here, but President Yeltsin made public at his news conference that the 1956 Japan-Soviet joint declaration is also part of effective international agreements between Japan and Russia. It is apparent that the declaration corresponds with the Russo-Japan Shimoda Treaty that determined Japanese jurisdiction over the four northern islands as a legal and historical "fait accompli".

I am of the opinion that we should be more confident and composed in diplomatic dealings with Russia on problems, including territorial issues. If we stand on the firm belief that no other politico-economic system is better than parliamentary democracy and the market economy, we need not suffer alternating joy and worry over the transition in Russia, and we could then think in a positive manner that providing realistic assistance will relieve such transitional difficulties.

For instance, Japan might play a role in the formation, through improvement of infrastructure, of a Northeast Asian Economic Sphere that includes Far East Russia. In any case, settlement of the territorial issue would become easier when Japan could negotiate with a democratic and friendly Russia.

Another matter that requires special attention is the situation on the Korean Peninsula. How long will the Kim Chong-il order last? What sort of leadership will succeed him? Is there absolutely nothing to fear in our publicizing domestic discontent caused by food shortages to outside world? In spite of words about normalization talks between Japan and the DPRK, recent diplomatic contacts by the ruling coalition parties are incomprehensible, and the fear is that they will sow the seeds of trouble for our country in the future. We should be careful to refrain from engaging in ostensibly impressive diplomacy, and pay, above all, full consideration to relations with the ROK.

Space limitations prevent me from fully explaining that the most important tasks of structural reform, along with our basic diplomatic posture, are the problem of education and land-related problems, including the ownership system. It is no exaggeration to say that Japan can make no move forward or develop unless these two problems are resolved.

Education and Land

First with reference to education, I have a strong feeling that Japan will perish as a nation if education remains as it is. It has something to do with an expansion of egocentricity and a declining sense of responsibility that the Japanese have lost their Japanese-like character. At no other time in history we find so many schools and so many people studying, and it is true that these educated people have contributed to the fulfillment of the national objective of building a truly powerful industrialized nation. But now the objective of education, and the sense of value nurtured over the past 100 years, have quite faded, bringing today's educational confusion and devastation. The people needed to shoulder the responsibility of carrying Japan into the new era are none other than those with, if I am allowed to use a rough expression, outstandingly different personal characteristics, who may look like dropouts by today's standards. To that end, we have to do away with the bad practice of making "equal judgments about results."

Firstly, in my opinion, the present education crams too much information into students' heads, much of which is useless. As Kanzo Uchimura has pointed out, Japan taught a limited number of subjects, such as reading, writing, abacus, history, poems, etiquette, practical ethics and so on, that useful in the formation of a view of the world or social criteria to be observed. In other words, education was conducted from the point of view that everybody would be made into a real gentleman. When too much information is crammed into young children, their specially abilities are suppressed and they suffer from indigestion. In Europe, since compulsory education was introduced following the French Revolution, it is said that "no new Shakespeare or Mozart has been born." This is rather due to a too-well-refined school system and cramming too much information into children from an early age that completely destroys abilities that are able to grow in all fields, including the arts. The essential problem of Japanese education originates from "excessive education," not from "lack of education." Compulsory education was originally a nation's obligation, but it is better to encourage students to choose good private schools, good teachers, or skip grades at school if they can. The present-style schools are maintained for students who cannot satisfy such choices but who want to go to school.

Secondly, it is a principle that a class must have a small number of students. Even Jesus Christ, the world's greatest tutor, had fewer than 20 disciples around him at all times. Through close contact between teacher and student, I think that a real education is possible, as in the cases of Buddha, Mohammed, Shoin Yoshida and American swimming schools. It is hardly an education

when a lecture is rendered through a microphone for 100 students in a large schoolroom.

Thirdly, Japan's compulsory education completely lacks rationality and is non-scientific. For example, public primary schools are not supposed to teach English. But like physical training, abacus and foreign languages should be taught and imprinted before children reach the age of 12 or 13. Otherwise it is a waste of time.

These ideas all come from the system of central control. Their reform requires restricting the central government's role and thoroughly reviewing the roles of national and local governments. For that purpose, "decentralization of education" must be launched. For example, by giving all prefectural governments authority to formulate their own educational curricula and issue teachers' certificates, local autonomies may be able to give attractive educational characteristics to the region, which will undoubtedly in turn activate that region's vitality.

So far I have talked primarily about problems related to primary and middle school education. In order not to end educational reform in an abstract argument, I propose an up-and-down strategy of elastic management of educational institutions at college level and above. For example, this would include privatization of national universities or their transfer to local government control. In comparison to primary and middle school education, revitalization of educational institutions above college level is comparatively less difficult and embraces socially important significance in view of the possibly enlarged opportunity for many people.

In any case, the most important thing for us is how to live life. As Yozan Uesugi (1751-1822) said, "education is to study the teaching of old sages," and cultivating oneself is, "being considerate." The country that we aim to build must not be on the defensive about everything, but must decisively display what it thinks about irrationality. And it must be a society in which the residents, as "educated people," respect morality more than anything else. From that viewpoint, we must review, as the most important social overhead cost, the essential meaning and methodology of rearing people.

As for the problem of the land, it is no exaggeration to say that all the problems Japan embraces today originate from the land. Despite reports of declining land prices, it has not changed the situation in that a man cannot buy and live in a proper house with the money he earns in his lifetime, and that radishes are grown on land costing several hundred thousand yen a tsubo [about 3.3 square meters]. The fact that land causes all kinds of evils has not changed from 30 years ago.

In England, there is a proverb that "in theory all land belongs to the king." For 20 years I have been roughly an advocate of "public ownership of land" and of the opinion that a considerable degree of restriction on private ownership should be imposed as far as land is concerned.

Land is public asset and I am of the opinion that Japan as a nation cannot exist unless such a principle is firmly established that the people are subject sometimes to strict restriction on the utilization of land. Today, about 60 percent of all household heads own individual homes, and almost all people are thought actually to own housing when inheritance is taken into consideration. It is an unmistakable fact that such a situation has been the source of energy for people to work. However, in times of "all rentals and lease," we have to make serious attempts to find something worthwhile as a testimony to new self-realization. First we have to make a change in our thinking from "ownership to utilization," in other words, to see land as productive goods that can bear fruits when effectively utilized, rather than seeing it as the object of owning assets. Even if land is owned by individuals in reality, we must work out an understanding that they are only utilizing it at their cost and a system to support such a way of thinking. We are now most urgently requested to bid a farewell to the system of land myth and land standards and work out "land reform" that seeks effective use of land with the emphasis on its public characteristics.

How To Choose A Top Leader

When Japan is compelled to sail without a chart or compass, what is most urgently needed is the appearance of a leader who clearly states the national intention. The prototype of Japanese-style society is the "village," and Japanese political culture that attaches importance to "harmony" disliked the appearance of a powerful leader and that kind of thinking has left a strong impression on modern Japanese politics.

The traditional leader is first chosen on the basis of the number of times he has won elections, and on his power relations within the party and faction, and if he takes a mediating role when trouble breaks out in his group. However, to be a new leader it is not enough to deal with such conventional individual problems as Japan-U.S. auto issues or to work out measures to cope with urgent economic problems. He must also be able to lead the way culturally. The new leader must, before he takes up the position, present objectives to the people beforehand, and let such the chosen objectives be approved in the election process. Therefore, the leader's most important work is to achieve those confirmed objectives. This line of thought

of mine is close to that of Max Weber's "leader's democracy," in that a leader who wins the confidence of the people displays leadership. My idea, though, puts emphasis on making the leader's objectives, that is the national intention in a limited sense, clear beforehand, in order to eliminate dictatorship or arbitrary decisions. It does not go along with the idea that the national intention existed beforehand and that as soon as the leader takes his position he will freely materialize the national intention that boundlessly springs up.

Rather, the leader's foresight and insight are made public beforehand and through the process of the group's adoption of them, they are transformed into the national intention. Thus the group can claim that it has a leader in a real sense, different from a dictator. What Japan needs now is an individual leader, uncompromising to all, with superior and comprehensive intuition and firm and strong will, notwithstanding his organizational background.

The most important thing here is to let political parties compete in making the setup and rules for selecting a leader easy to understand, and not letting them engage in merely talking about their expectations of the new leader. It must be the most important viewpoint in the process of establishing political leadership.

Needless to say, the present method of selecting a leader in Nagatacho [the area of Tokyo in which the Diet and LDP headquarters are located] is far from this. Those who cast votes for the LDP in the previous elections did not vote to make Murayama prime minister. The fact that an entirely different result appears as a result of consideration of self-interest among political parties rules out the possibility of a timely, superior leader making his appearance, and makes politics look less responsive to the will of the people.

It does not go to the same extreme, but a similar situation takes place when the government is decided by a political numbers game in the Diet, and a national leader is chosen by the voting of Diet members in the closed world of Nagatacho. Everybody thinks it is an inevitability that cannot be avoided. When two genuinely big political parties operate for the first time under the new single member constituency election system, popular votes will certainly be reflected directly in the selection of the regime and its top leader. In such a case, though, the people have no choice other than the candidates for premiership picked by political parties. It will not satisfy the demand of the times that want a superior top leader who is not bound to a political party's factional background, and until it does the distance from real representative politics remains great.

The issue, as I see it, is the way a leader is selected. Under the presidential system in the United States and France, the people can directly choose their leaders and really feel the political result of this choice.

Candidates can directly talk to the people and from it, what I call the national intention will be formed through political dynamism, including united political forces or the nucleus of an important policy system. The Aoshima phenomenon was possible because the election for metropolitan governor was conducted under a system similar to a presidential election.

Based on this idea, it has been frequently proposed that a prime minister should be elected by popular vote. But the public election of a prime minister is essentially a presidential election under the guise of a parliamentary cabinet system. It generates a basic question about whether or not it contradicts with the symbolic emperor system. In addition, as the United States has experienced as an urgent problem of principle, a "divided government" or the political frigidity seen in the case of disagreement between the president and the Congressional majority, and such practical problems as the need for constitutional amendments in several parts to realize such system, are obstacles. Therefore, I would like to propose a way in which the people can directly participate in the selection of a Japanese leader within the framework of a parliamentary cabinet system under the present constitution. It is a preliminary election system under which the people directly elect a prime ministerial candidate for each political party before the general election.

The setup is basically the same as the primary elections in the U.S. It would be ideal to make it a public election process as in the United States, and to conduct the election under the jurisdiction of election administration committees using official rosters of voters. If that is impossible for the present, such an election may be permitted for political parties as one of their private events, or by agreement among ruling and opposition parties, or independently by either ruling or opposition parties. In the past LDP preliminary elections to choose a president, voting was allowed only to party members who paid party dues and this restricted way of voting does not fit my proposal. To make an extreme argument, such as in the "open primaries" in the United States, anybody can be allowed to vote after freely visiting polling stations established by political parties and paying a fee of about 1,000 yen or through the mail. Some worry about malicious organized votes cast by opposition parties, but such an attempt will be blown to pieces by the weight of the overwhelming number of people earnestly wishing to feel the direct political power of their own hands.

Candidates are restricted to Diet members affiliated with a political party, and with a designated number of recommendations of fellow Diet members. Of course, they are under an obligation to announce policies and to make policy speeches. Especially important in this connection is the presentation of policy plans that they pledge to carry out during their term of four years if elected. I think that such a regime is destined to do its best to accomplish limited objectives and no good administration will want to linger while doing nothing. Thus elected, the top vote-getters will vie in the general election as candidates for premiership. Until just before the general election, opposition party candidates for premiership will organize shadow cabinets that include private citizens. And such an attempt to form a "Japanese-style New Deal Alliance" may be put to the test through the unity of people in preliminary elections and the formation of a shadow cabinet. In preparation for the general election, the opposition makes its differences clear and distinct through debate in the Diet. In the general election, many voters will cast ballots for a party because it is a contest in which their favorite son may be elected prime minister. Therefore, frankly speaking, I think the New Frontier Party will gain a lot if it adopts this proposal, while the ruling parties are likely to remain disinterested.

The U.S. primary election system has opened to the public the selection of candidates hitherto under the control of partisan bosses, an important turning point in politics gaining a real vitality.

I must repeat that it is unpardonable for political parties and politicians to be bent on obtaining and maintaining power, and to engage in a political numbers game of winning a majority in Nagatacho.

In order for politics to be real politics, politicians have to be more sensitive to changes in peoples view of them, and irritation with them. At present, now that confidence in politics has fallen to a low level, politics will have to start all over again by hoisting a clear and distinct banner with firm beliefs. And I believe that politicians are expected by the people to make a courageous step forward with their own individual ideals, and to venture forward no matter what the precipitous peak ahead of them. For the revival of Japanese politics, there is no other way left for politicians other than winning the hearts of the people.

North Korea

'Anachronistic U.S. Policy of Occupation' Viewed
SK0809110695 Pyongyang KCNA in English
1045 GMT 8 Sep 95

["Termination of Anachronistic U.S. Policy of Occupation Called For" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 8 (KCNA) — The U.S. "policy of strength" does not go down with the dignified Korean people whose life and soul is independence and the anachronistic U.S. policy of occupation should be terminated, says NODONG SINMUN in an article today.

The author in the article on the 50th anniversary of the U.S. occupation of South Korea (September 8, 1945) says the United States has pursued the policy of intervention and domination in South Korea while threatening peace of Korea and obstructing its reunification.

The article further says:

If the United States truly does not want to see the recurrence of the war disaster which took place 40 odd years ago, it should give up its outdated Korea policy based on the position of "strength" and sincerely implement the DPRK-U.S. framework agreement so as to build confidence between the two countries and put a period to the hostile relations between them.

It is the 20th anniversary of the adoption of the 30th UN General Assembly session resolution calling upon the signatories to the Korean Armistice Agreement to pull the U.S. troops out of South Korea and replace the Armistice Agreement with a peace one.

The matter of replacing the Armistice Agreement with a peace one and setting up a new peace-keeping mechanism can be settled only by the DPRK and U.S. authorities, who signed the Armistice Agreement and have real powers to guarantee peace in Korea. If the U.S. truly wants to support the peaceful reunification of Korea and make efforts to ensure a lasting peace on the Korean peninsula, it should pull its forces out of South Korea in accordance with the U.N. resolution, make a bold decision to sign a peace agreement with the DPRK and discharge its responsibility and role for peace on the Korean peninsula.

The 50 years of the U.S. occupation of South Korea are a crime- woven history, in which the U.S. has reduced South Korea to a virtual colony and military base and inflicted tragic division upon the Korean nation. The Kim Yong-sam group has been engaged in flunkeyist treacheries, suppression of pro-reunification, patriotic forces and fostering north-south confrontation, while

begging for the U.S. permanent military presence in South Korea.

If one values the sovereignty of the nation, one should turn out to put a period to the anachronistic U.S. policy of occupation and to realise independence in South Korea and should decisively frustrate new war provocation moves and anti-communist confrontation racket of the U.S. war-thirsty elements and the Kim Yong-sam puppet clique following them.

Foreign Ministry Comments on Peace Agreement

SK0709225795 Pyongyang Korean Central Broadcasting Network in Korean 2110 GMT 7 Sep 95

[Statement by the DPRK Foreign Ministry spokesman issued on 7 September; place not given—read by announcer]

[FBIS Translated Text] On 7 September, the spokesman for the DPRK Foreign Ministry issued a statement on the lapse of 50 years since the U.S. troops militarily occupied South Korea on 8 September 1945.

Stating that, in the wake of the U.S. Forces' military occupation of South Korea, Korea has been divided into two and our people had to experience the agony of division and suffer the ravages of war, the statement pointed out as follows:

The United States should have withdrawn its forces long ago in accordance with several principles to resolve the issues on Korea that had been discussed during World War II and the 3390-B resolution adopted at the 30th Meeting of the UN General Assembly. Worse yet, the United States has continuously strained the situation by building up its military forces on a large-scale and bringing in nuclear weapons and modern military equipment.

Even though the Cold War has ended and the world is moving toward peace and detente, the DPRK and the United States stand in political and military confrontation with each other and the situation has yet to be eased even now when the DPRK-U.S. framework agreement has been adopted. The main reason behind this is the U.S. Forces' continued occupation of South Korea.

The U.S. Forces which occupied South Korea for 50 years have exacted unbearable national insult and humiliation and priceless sacrifices from the South Korean people. The only ones who hope for the U.S. Forces' occupation of South Korea are a few traitors in South Korea. An absolute majority of the South Korean people call for the immediate withdrawal of the U.S. Forces.

It is unjustifiable for the United States to insist it will leave its forces behind in South Korea just because some people in South Korea beg for it. What should be settled before anything else at the present stage to preserve peace and security and promote reunification on the Korean peninsula is the withdrawal of U.S. Forces from South Korea and the establishment of a new peace system.

The establishment of a peace system between the DPRK and the United States is a matter of replacing the armistice mechanism with a peace system.

If a legal and institutional system for ensuring peace is established between the DPRK and the United States, which holds the operational control of the Army in South Korea, the situation of the Korean peninsula will be drastically relaxed and the implementation of the North-South agreement will make progress. It will also decisively effect the fundamental improvement of the situation of Northeast Asia and the Pacific region.

The United States must respond to the establishment of a peace system to liquidate the relics of the Cold War on the Korean peninsula.

South's Indicting of Pak Yong-kil Viewed

SK0809050895 Pyongyang KCNA in English 0420 GMT 8 Sep 95

["Unpardonable Fascist Act" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 8 (KCNA) — The puppet prosecution of South Korea on September 6 brought an indictment against Pak Yong-kil, widow of Rev. Mun Ik-hwan, charging that her visit to Pyongyang is a breach of the notorious "National Security Law", a Seoul-based radio reported.

The South Korean authorities made this indictment after conducting "investigation" under the pretext of "confirmation of her identity" and "medical examination". This is an anti-ethical and anti-reunification criminal act both in view of the traditional manners and customs and etiquette of the Korean nation and in view of the spirit of national reconciliation and unity.

Intolerable is the fact that the puppets brought a complaint against Pak Yong-kil in "Seoul prison" when the doctor's diagnosis indicated that she must immediately receive medical treatment in hospital for her serious heart disease and when South Korean people are strongly urging her transfer to a hospital.

This shows that the South Korean authorities are a group of beasts who have no elementary conception of humanitarianism nor ethics and morality.

We, in the name of the nation, vehemently denounce the South Korean authorities for trying to penalise at any cost Pak Yong-kil who is suffering from a serious heart disease, branding it as a thrice-cursed criminal act against ethics and morality and the ardent desire of the fellow countrymen for reunification and as an inhumane atrocity.

Self-contradictory is the act of the South Korean authorities in bringing a complaint against an old woman over 70 on the charge of violation of the "National Security Law" for the reason that she visited North Korea, while paying a lip service to "dialogue between the North and the South."

This is a proof showing that they have no will for dialogue.

All the fellow countrymen are following the attitude of the South Korean authorities.

If they finally penalise Pak Yong-kil, it will give irrevocable consequences to inter-Korean relations and they will take full responsibility for it.

'Military Provocation' in DMZ Denounced

SK0809050395 *Pyongyang KCNA in English*
0414 GMT 8 Sep 95

[FBIS Transcribed Text] Pyongyang, September 8 (KCNA) — The South Korean puppets committed a grave military provocation straining the situation in the Demilitarized Zone in the western sector of the front on September 6, according to military sources.

The puppets introduced many soldiers fully armed with machine guns and automatic rifles and more than 20 military vehicles fully loaded with military hardware and fired M-16 automatic rifles.

The Kim Yong-sam group must clearly know that if they continue inciting confrontation between North and South, going against peace and independent and peaceful reunification on the Korean peninsula, it may result in irretrievable consequences.

Leaflets Stressing Confederacy System Scattered

SK0809115695 *Pyongyang KCNA in English*
1016 GMT 8 Sep 95

[FBIS Transcribed Text] Pyongyang, September 8 (KCNA) — Leaflets in the name of the Patriotic Fellowship Society were scattered on the road a kilometre away from Suncheon Railway Station on the early morning of August 22, according to Seoul-based radio Voice of National Salvation quoting an information of the South Cholla Provincial Committee of the National Democratic Front of South Korea (NDFS).

Written on the front page of the leaflet under the title "Let us solve desire of the nation with reunification through confederacy" were words that establishment of a unified confederal state is the most reasonable and practical way proposed by President Kim Il-song, a peerless patriot of the Korean nation, with an insight into the existence of two different systems and governments in the North and the South.

Seen in the back page of the leaflet were words calling for overthrowing the traitor Kim Yong-sam who seeks a perpetual division of the nation and rising as one to establish an independent, peaceful and neutral unified state through confederacy so that co-existence, co-prosperity and common interests of the North and the South can be promoted.

Daily Decries 'False Propaganda' of Kim Yong-sam

SK0809111895 *Pyongyang KCNA in English*
1005 GMT 8 Sep 95

["False Propaganda Reversing Black and White" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 8 (KCNA) — NODONG SINMUN in a signed commentary today raps at the Kim Yong-sam group for hosting a "meeting" of the "International Democratic Union", an international consortium of conservative political parties, some time ago. The meeting published a "statement" urging the northern half of Korea to "abandon use of arms" and pursue "peaceful reunification" through "election".

We can never remain an onlooker to the Kim Yong-sam group's act of launching an anti-DPRK campaign that reverses black and white and gets on our nerves seriously, the news analyst says.

It continues:

As is known to the world, we have consistently called for peace and peaceful reunification of the country and made every possible effort to that end.

It is none other than the Kim Yong-sam group that reinforced arms and runs wild in war provocation moves with outside forces to do harm to the fellow countrymen on the Korean peninsula.

These days, the Kim Yong-sam war-thirsty group carried on the "Ulchi Focus Lens 95" joint war drive for 12 days in collusion with outside forces. As part of arms buildup, the puppets took from the U.S. Army in South Korea hundreds of tanks and a bulk of war equipment and tens of thousands of tons of ammunition. This being the fact, the Kim Yong-sam group calls for the North to "abandon the use of arms." What a shameless group.

The "peaceful reunification" through "election" cried by the puppets is nothing but a deceptive rhetoric to cover up their anti-national, anti-reunification bellicose intention of realizing "unification through northward invasion" with the help of outside forces.

Even if the Kim Yong-sam group stages a false drama reversing black and white, it can never impair the bright image of the northern half of Korea and cover up their crimes — driving the country's situation to the brink of war with arms buildup and frequent war exercises against the North.

Foreign Ministry on Treaty With Former USSR

*SK0809043595 Pyongyang KCNA in English
0423 GMT 8 Sep 95*

["Document From Russia Is Under Consideration, FM Spokesman Says" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 8 (KCNA) — A spokesman of the Ministry of Foreign Affairs of the Democratic People's Republic of Korea had an interview with KCNA today as regards the fact that Russia has clarified its position over the treaty of alliance forged between the DPRK and the former Soviet Union.

He said:

As for the treaty on friendship, cooperation and mutual assistance which was forged between the DPRK and the former Soviet Union in 1961, we considered it to be insignificant and as good as nullified after the collapse of the Soviet Union and informed the Russian Federation of our position. Since then we have paid no attention to the treaty.

The Russian Federation recently proposed to conclude a treaty on the basis of fresh relations of friendship and sent its draft to the DPRK.

We are now studying the document.

Kim Chong-il Receives Jiang Zemin Message

*SK0709232295 Pyongyang Korean Central
Broadcasting Network in Korean 2100 GMT 7 Sep 95*

[FBIS Translated Text] Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, received a congratulatory message from Comrade Jiang Zemin, general secretary of the CPC Central Committee, president of the PRC, and chairman of the PRC Central Military Commission, on the 47th anniversary of the founding of the DPRK.

The congratulatory message is as follows:

Pyongyang

To Comrade Kim Chong-il, chairman of the DPRK National Defense Committee and supreme commander of the Korean People's Army;

On the 47th anniversary of the founding of the DPRK, I extend fervent congratulations on your holiday to you, the Workers Party of Korea [WPK], and the fraternal Korean people through you on behalf of the CPC and all the PRC people.

The founding of the DPRK wrote a new page on the history of Korea and, since then, the heroic Korean people have overcome poverty and suppression and come to traverse the broad road of building a new country that is independent in politics, self-sustaining in the economy, and self-reliant in defense.

For the last 47 years, brilliant achievements have been ceaselessly made in the construction of socialism of Korea under the leadership of President Kim Il-song and the WPK.

Ever since President Kim Il-song regrettably passed away, the DPRK people have firmly rallied around the WPK Central Committee headed by you, and continuously worked to achieve the country's prosperity and enrichment and its peaceful and independent reunification by replacing sorrow with strength and following the footsteps of President Kim Il-song.

The PRC people are wholeheartedly rejoiced over various achievements accomplished by the DPRK people and hope you achieve a new success in your future works.

The PRC and the DPRK are friendly neighboring countries that share the same mountains and rivers. The PRC-DPRK friendship personally prepared and cultivated by the revolutionaries of the old generation of the two countries has overcome for decades the complicated trials of history and took deep roots inside the hearts of the two peoples of the two countries. Further developing this bilateral friendship coincides with the fundamental interests and aspiration of the two peoples of the PRC and the DPRK. We will continuously work to achieve this together with the Korean party and people.

I wish the DPRK prosperity and enrichment.

[Signed] Jiang Zemin, general secretary of the CPC Central Committee, president of the PRC, and chairman of the PRC Central Military Commission

[Dated] September 8 1995, Beijing

Kim Chong-il Greeted by PRC's Jiang Zemin

*SK0809115895 Pyongyang KCNA in English
1125 GMT 8 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 8 (KCNA) — The great leader Comrade Kim Chong-il received a message of greetings from Jiang Zemin, general secretary of the Central Committee of the Communist Party of China, president of the People's Republic of China and chairman of the Central Military Commission of the PRC, on the occasion of the 47th anniversary of the foundation of the Democratic People's Republic of Korea on Sept. 8.

The socialist construction in Korea has constantly achieved shining successes under the leadership of President Kim Il-song and the Workers' Party of Korea over the 47 years, the message said, and added:

Though President Kim Il-song passed away, the Korean people have continuously made all efforts to realise the prosperity of the country and its independent and peaceful reunification by changing their sorrow into strength, rallied behind the WPK Central Committee headed by Comrade Kim Chong-il, true to the intentions of President Kim Il-song.

The Chinese people are sincerely rejoiced over the successes made by the Korean people and wish you new success in the future work.

Referring to the friendly relations between the two countries, the message said:

China and Korea are friendly neighbours with mountains and rivers in between.

The Sino-Korean friendship created and fostered by revolutionaries of the old generation of the two countries has overcome manifold historical trials for tens of years and has struck its roots deep in the hearts of the two peoples.

To steadily consolidate and develop this friendship accords with the fundamental interests and desire of the two peoples.

We will constantly make efforts to this end together with the party and people of Korea.

Foreign Delegations Visit Kumsusan Palace

*SK0809044295 Pyongyang KCNA in English
0405 GMT 8 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 8 (KCNA) — A delegation of the National Committee of the Chinese People's Political Consultative Conference led by its Vice-president Wan Guoquan visited Kumsusan Memorial Palace where the great leader President

Kim Il-song is preserved in state, and made deep bows to him on Thursday.

Wan Guoquan wrote in the visitor's book that President Kim Il-song, the great leader of the Korean people and an intimate friend of the Chinese people, would remain alive forever in the hearts of the two peoples.

"We are convinced that the Korean people will build a prosperous country and achieve national reunification at an early date under the leadership of the Workers' Party of Korea headed by Comrade Kim Chong-il, true to the behests of President Kim Il-song," he wrote.

A delegation of the Nepalese Journalist Association led by its Chairman Harihar Birahi [name as received], a delegation of the Chiangmai University of Thailand, a delegation of the academicians of the Komsomolsk-na-amure Normal College of Russia, a delegation of the Shimane Prefectural People's Council for Japan-Korea Friendship and solidarity and other foreigners visited Kumsusan Memorial Palace to pay homage to the respected leader President Kim Il-song on the same day.

Indian Group Celebrates North Anniversary

*SK0809045795 Pyongyang KCNA in English
0412 GMT 8 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 8 (KCNA) — A joint meeting was held in India to celebrate the 47th anniversary of the Democratic People's Republic of Korea.

T. B. Mukherjee [name as received], president of the Asian Regional Institute of the Chuche Idea, addressing the meeting, said that the DPRK has covered the proud road of victory and glory for 47 years since it was founded by his excellency the great leader President Kim Il-song, the father of socialist Korea.

He went on:

It is thanks to the immortal exploits performed by his excellency respected President Kim Il-song for humankind that the DPRK is proud to be the homeland of chuche, a great country of strong independence.

His excellency the great leader Kim Chong-il, an outstanding thinker, theoretician and politician and the ever-victorious iron-willed brilliant commander, is energetically leading the Korean people to carry through the general line of socialist construction on strengthening the people's power and enhancing its function and role and carrying on the three revolutions, ideological, technical and cultural, with a view to accomplishing the revolutionary cause of respected President Kim Il-song.

Under the leadership of his excellency dear Kim Chong-il the Korean people are firmly defending the dignity of chuche Korea, smashing every move of the imperialists to stifle socialism.

He expressed the belief that all the Korean people in the North, the South and abroad would achieve the reunification of the country in the 90s without fail, upholding the 10-point programme of the great unity of the whole nation for the country's reunification.

Indian Ambassador Hosts Party on Anniversary

*SK0809052295 Pyongyang KCNA in English
0446 GMT 8 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 8 (KCNA) — Adya Nand Jha, Indian ambassador to Korea, gave a party last evening to mark the 47th anniversary of the Democratic People's Republic of Korea.

Invited to the party were Kim Yong-nam, vice-premier and foreign minister, and officials concerned.

Addressing the party, the ambassador said that Korea is of much help to India in the international arena and that the two countries exert big efforts to develop the Non-aligned Movement more positively.

The Indian people have deep respect for the great President Kim Il-song, he noted, adding: They not only consider him the great father of the Korean people but also highly praise him as a fighter of the peoples of the Third World countries.

He expressed the conviction that the Korean revolution left by unfinished President Kim Il-song will be successfully carried to completion under the wise guidance of His Excellency Kim Chong-il.

Vice-premier and Foreign Minister Kim Yong-nam in his speech said:

Greeting September 9, the national holiday, without the great leader Comrade Kim Il-song, the founder of the DPRK, we are earnestly yearning for him.

Under the sagacious guidance of the great leader Comrade Kim Chong-il who has the same idea, leadership, personality and virtues as President Kim Il-song had, the DPRK and people will achieve eternal prosperity as the Kim Il-song country and Kim Il-song nation.

He further said that the Indian people with a long history and culture are making efforts to achieve national reconciliation and build an independent, prosperous, new society under the leadership of his excellency respected Prime Minister Narasimha Rao.

The Korean people are rejoiced as over their own over all the achievements gained by the Indian Government and people and wish them greater success in their future work.

Asian World Peace Council Supports 'Just Cause'

*SK0709150395 Pyongyang KCNA in English
1459 GMT 7 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 7 (KCNA) — An Asian regional meeting of the World Peace Council held in India from August 25 to 27 expressed support to the just cause of the Korean people.

Addressing the meeting, the president, honorary president and executive secretary of the World Peace Council laid stress on removing tension and ensuring peace and security in the Korean peninsula, putting an end to the half a century-long division of Korea and realising its peaceful reunification and checking the South Korean authorities' move to build a nuclear waste repository on Kulop Islet.

The secretary general of the Bangladesh Peace Council who is coordinator of the Asian Regional Centre of the World Peace Council, made a report.

A resolution on Korea was adopted at the meeting.

Daily Stresses Not Admitting Japan to NAM

*SK0809115195 Pyongyang KCNA in English
1009 GMT 8 Sep 95*

["Foolish Act of Japanese Authorities" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 8 (KCNA) — The Japanese authorities are trying to poke their nose into the Non-Aligned Movement [NAM] and to create a climate for its permanent seat in the UN Security Council.

Commenting on this, NODONG SINMUN today says it is a foolish act of those with no discretion.

The analyst continues:

The act of those who make undue haste, not knowing what the Non-Aligned Movement and permanent membership of the UN Security Council [UNSC] are like and, furthermore, their position is indiscreet.

Japan with the crime-woven past cannot be admitted to the NAM the noble idea of which is independence against imperialism, whether it be a "guest" or not. Nor can it get a permanent seat in the UN Security Council.

Japan has already been forsaken by the world people. It has not yet abandoned its wild ambition for domination in a bid to become a political power and hold sway over all affairs in the world. With a view to currying favor with people to this end, the Japanese authorities made such incoherent remarks.

Japan dislikes the NAM, seeks to lay an obstacle in its way and refuses to lend an ear to the calls of its member countries. Nobody believes that Japan will play a "constructive role".

Japan is now looking down upon other countries, boasting of being an economic power. It is not hard to guess how Japan will act if it gets a permanent seat in the UN Security Council.

For the NAM and the UN Japan cannot be joined in the NAM and should not be allowed to be permanent membership in the UN Security Council.

Delegation of Foreign Ministry of Laos Arrives

*SK0709150595 Pyongyang KCNA in English
1459 GMT 7 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 7 (KCNA) — A delegation of the Foreign Ministry of Laos led by its Vice-Minister Souban Srithirat arrived today.

Kim Chong-il Receives Basket From Military Corp

*SK0709150895 Pyongyang KCNA in English
1503 GMT 7 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 7 (KCNA) — The great leader Comrade Kim Chong-il received a floral basket and a congratulatory letter from the Military Attaches' Corps in Korea on the occasion of the 47th anniversary of the foundation of the Democratic People's Republic of Korea. The floral basket and letter were handed to Choe Kwang, chief of the General Staff of the Korean People's Army, by Military Attache of the Vietnamese Embassy Here Tran Thuc, doyen of the Military Attaches' Corps on September 7.

The doyen said that the great leader Comrade Kim Il-song founded the DPRK, a true people's government, so that the Korean people have become masters of history and society for the first time and have a powerful weapon to accomplish successfully the cause of socialism and communism.

He sincerely wished the great leader Comrade Kim Chong-il, supreme commander of the Korean People's Army, a long life in good health and new greater success in his work for the socialist construction in Korea and national reunification.

Comrade Kim Chong-il received today a congratulatory letter from the Economic and Commercial Councillors' Corps in Korea.

Kim Chong-il Sends Gifts to Writers

*SK0809115795 Pyongyang KCNA in English
1012 GMT 8 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 8 (KCNA) — The great leader Comrade Kim Chong-il sent gifts to writer Myong Chun-sop and Vice-Chairman Chong Tok-chol of the Central Committee of the Korean Writers Union for their successes in poetry.

Myong Chun-sop created the epic "Future of Korea Will Prosper Forever" which sings of the great loving care and solicitude shown by President Kim Il-song and General Kim Chong-il for the Korean children and of the bright future of the country, on the occasion of the first day of the current school year (September 1) with deep reverence for President Kim Il-song.

Chong Tok-chol has guided juvenile literature for 15 years so well that many good works have been produced.

Comrade Kim Chong-il read the epic created by the writer, highly praised him for it, expressed deepest trust in him and bestowed warm solicitude upon Myong Chun-sop and Chong Tok-chol.

At the gift-conveying ceremony held at the State Theatre on September 7, "Kim Il-song Prize" was awarded to Myong Chun-sop and gifts were conveyed to him and Chong Tok-chol.

Meeting Marks DPRK Founding Anniversary

*SK0809114095 Pyongyang KCNA in English
1114 GMT 8 Sep 95*

["National Meeting in Pyongyang on National Day" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 8 (KCNA) — A national meeting was held at the 6,000-seat theatre of the February 8 House of Culture in Pyongyang today to mark the 47th anniversary of the foundation of the glorious Democratic People's Republic of Korea.

A portrait of the respected leader President Kim Il-song was placed on the platform of the meeting hall against the background of the flag of the DPRK.

Present there were and Vice-Presidents Yi Chong-ok and Pak Song-chol, who are members of the Political Bureau of the Central Committee of the Workers' Party of Korea, Vice-President Kim Pyong-sik who is also

chairman of the Central Committee of the Korean Social Democratic Party, other senior party and government cadres and working people from different social strata.

Also present were the congratulatory group of Koreans from Japan to celebrate the 47th anniversary of the foundation of the DPRK headed by O Hyong-chin, vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), Yi Chong-sang, chief of the Pyongyang Mission of the National Democratic Front of South Korea, and overseas Koreans staying in the socialist homeland.

Invited to the meeting were the delegation of the National Committee of the Chinese People's Political Consultative Conference led by its Vice-President Wan Guoquan, the delegation of the Mauritius Communist Party led by its First Vice-Chairman Boodhun Rudul Kumar [spelling of name as received] and foreign diplomatic envoys in Korea and foreign guests.

President Kim Il-song raised the question of power as the fundamental one of the revolution in the first period of the anti-Japanese revolutionary struggle and founded the Democratic People's Republic of Korea on September 9, 1948 by applying the chuche-based line of power building, a line suited to the task of the Korean revolution and to the actual conditions of Korea.

Pak Song-chol in his report said that the DPRK is an independent and sovereign socialist state for the people which was built by the great leader Comrade Kim Il-song for the first time in the nation's history spanning 5,000 years by victoriously leading the Korean people's struggle for independence, sovereignty and socialism.

The reporter further said:

The most brilliant historical exploit performed by Comrade Kim Il-song for the country and the people and for the times and the revolution is that he built most superior Korean-style socialism centred on the popular masses on this land and set a great socialist model by leading our republic, a powerful weapon of socialist, communist building.

The powerful and prosperous socialist state of chuche which made its appearance as the most tremendous miracle in the history of 5,000 years on this land after losing its colours from the world map because of backwardness and poverty for a long period is a crystal efforts and energies of Comrade Kim Il-song devoted to the people for nearly 70 years and a heritage of eternal value which ensures the eternal prosperity of the Korean nation.

Respected Comrade Kim Il-song is the great father of the country's building and the great founder of socialist Korea, the reporter said, adding:

The revolutionary cause of chuche started by him is firmly being inherited and developed in depth by the great leader Comrade Kim Chong-il.

The reporter quoted Comrade Kim Chong-il as saying:

"We should resolutely defend and glorify the anthropocentric socialism of our style by strengthening the people's power, the servant for the people, deeply aware of our historic mission for the times and revolution."

He further said:

The earnest behest of Comrade Kim Il-song is that the socialist country of chuche must be further developed under the leadership of Comrade Kim Chong-il. It is also a noble historical mission for our people today.

They should resolutely defend the undying revolutionary exploits performed by Comrade Kim Il-song and exalt them through generations.

All the party members and people should remember that they are blessed with the leaders generation after generation, should resolutely safeguard the great Comrade Kim Chong-il, the centre of unity of the Korean revolution, politically and ideologically and with their lives and remain boundlessly loyal to the idea and guidance of the respected supreme commander, keeping their noble obligation to the leader.

All the working people and officials including the heroic working class should bring about new upswings in all domains of socialist construction in the spirit of self-reliance and hard struggle, true to the behests of the fatherly leader, and thus brilliantly adorn the 50th anniversary of the foundation of the Workers' Party of Korea as the grand festival of victors.

The reporter called for developing the People's Army into an invincible army by consolidating the defence capabilities of the country as firm as a rock in face of the new war provocation moves of the imperialists and their stooges and firmly defending the socialist country by firmly cementing the all-people, all-state defence system.

Referring to the question of national reunification, the reporter said:

To achieve the reunification by means of confederacy in the 90s is a noble intention of Comrade Kim Il-song who devoted tireless efforts and energies to national unity and reunification and a firm will of the great Comrade Kim Chong-il who is leading the nationwide struggle for the country's reunification in the van.

We will in the future, too, as in the past, make every possible effort to realise the global independence and develop the friendly and cooperative relations with the peoples of many countries of the world including the socialist and non-aligned nations, taking independence, friendship and peace as the idea of our Republic's consistent foreign policy, the reporter declared.

The head of the congratulatory group of Koreans in Japan made a speech.

Pak Song-chol Speaks on Reunification

*SK0809114395 Pyongyang KCNA in English
1058 GMT 8 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 8 (KCNA) — Vice-President Pak Song-chol, member of the Political Bureau of the Central Committee of the Workers' Party of Korea, in his report at a national meeting marking the 47th anniversary of the foundation of the DPRK, reclarified the stand of the Workers' Party of Korea and the Government of the Democratic People's Republic of Korea toward the issue of reunification through confederacy.

He said that the grand national reunification festival marking the 50th anniversary of the liberation of the country which was held by Koreans in the North, the South and overseas in defiance of the obstructive moves of the anti-reunification forces at home and abroad marked a historic event that opened up an epochal phase in developing the reunification movement of the Korean nation onto a new higher stage.

The great national conference confirmed in unison that reunification through confederacy based on one nation, one state, two systems and two governments is a way of reunification common to the Korean nation, the reporter said, adding: This opened up a bright vista for reunification in the 1990s.

To achieve the reunification by means of confederacy in the 90s is a noble intention of the great leader Comrade Kim Il-song who devoted tireless efforts and energies to national unity and reunification and a firm will of the great Comrade Kim Chong-il who is leading the nationwide struggle for the country's reunification in the van.

Our people and the DPRK Government will more relentlessly fight for the reunification of the country with the united efforts of the whole nation under the banner of great national unity under the wise guidance of the great leader Comrade Kim Chong-il, true to the behests of Comrade Kim Il-song for reunification, and thus achieve the reunification through confederacy at any cost in the 1990s, the reporter declared.

History of Creation of National Flag Viewed

*SK0809114895 Pyongyang KCNA in English
1028 GMT 8 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 8 (KCNA) — The flag of the Democratic People's Republic of Korea is seen on streets, in residential quarters, at work places and houses in Korea on the eve of the national holiday.

Looking up to the flag flying high in the sky of September, the people are wrapped in solemn feeling.

Like all things in this land, the national flag of red and deep blue color with a lucid five-point star is associated with an impressive story of the efforts made by the great leader President Kim Il-song for the country and people.

One day in November 1947, two years or so after Korea's liberation from the Japanese colonial rule the president told officials concerned to design the flag and the emblem of the DPRK to be founded.

Greatly excited, the officials set out to design them, but they were at a loss what to do in regard to the shape, content, color and ratio of the national flag.

When he was told of this, the president summoned them and said that the shape and content of the national flag should be something completely new and Korean. He went on to say that the national flag should be made of red, white and deep blue colors — the red color meaning the blood shed by the anti-Japanese revolutionary fighters and true revolutionaries of Korea for the freedom and independence of the country and our revolutionary forces rallied around the party, the white color meaning the homogeneity of the Korean nation with brilliant and time-honored national culture, and the deep blue color symbolizing the high spirit of the Korean people struggling for socialism and communism and the sovereignty of the republic.

Later the president continued paying deep attention to the work.

One day in January 1948 the president summoned officials again and had discussions with them about several drawings of the national flag designed by himself.

He told them of the ratio of the colors of the national flag. And he said the red five-point star, a symbol of the prospect of the shining victory of the Korean people who are carrying forward the anti-Japanese revolutionary traditions, should be drawn up in the white circle against the red color.

The national flag, a product of such efforts of his, began flying high in the sky on the very day when he declared the DPRK founded on September 9, 1948.

The Korean people have traversed the road of victory and glory along with the national flag.

It was under the banner that the revolutionary, democratic base was firmly cemented and the freedom and independence of the country honorably defended from the invasion by the U.S. imperialists and their stooges.

It was also under the banner that the people have built a socialist country which will prosper for good and all, united as firm as rock around the leader.

Korea will, in the future, too, achieve an eternal prosperity along with the national flag.

Foreign Commercial Corps Lays Flowers at Statue

*SK0809042995 Pyongyang KCNA in English
0406 GMT 8 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 8 (KCNA) — Foreign Economic and Commercial Councillors Corps in Korea on Thursday laid a floral basket and made a bow before the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang on the 47th anniversary of the Democratic People's Republic of Korea.

Foreign Envoys Visit Kim Il-song Statue

*SK0809045595 Pyongyang KCNA in English
0408 GMT 8 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 8 (KCNA) — Indonesian Ambassador to Korea Zulkarnain Afri Pane and Cambodian Ambassador to Korea Oum Mannorine on Thursday laid floral baskets and made bows before the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang on the occasion of the 47th anniversary of the DPRK.

His excellency the great leader Generalissimo Kim Il-song is the great man who is deeply respected and revered by the Cambodian people, said the Cambodian ambassador, adding that he was an intimate friend of the Cambodian people.

Industry Workers Resolve To Increase Output

*SK0709112795 Pyongyang Korean Central
Broadcasting Network in Korean 2100 GMT 5 Sep 95*

[FBIS Translated Text] Workers in various local industrial plants under the Ministry of Local Industry are outstandingly overfulfilling the assigned tasks for production by using resources and materials available in their areas, and by upholding the party Central Committee's

slogan on the 50th anniversary of the founding of the party. A Pyongyang Central Broadcasting Network reporter met with Comrade Kim Han-chu, director of a department of the Ministry of Local Industry.

[Begin recording] [unidentified female correspondent] I heard that workers across the country under our Ministry of Local Industry had effected an upsurge in production.

[Kim] Yes, you are correct. All functionaries and workers in our local industrial sector have made greater achievements in the production of people's consumer goods by vigorously carrying out the struggle to thoroughly implement the tasks presented in the party Central Committee's slogan. As taught by the great leader [suryong], in the first half of this year foodstuff plants in cities and counties built a raw material base that corresponds to two-thirds of the annual target by vigorously carrying out the struggle to build it and [word indistinct].

We have also further modernized and operated the soy plants in Kosong and Pyonggang, Kangwon Province, and the soy plants in Hoeryong, North Hamgyong Province, during the first half of this year by using the struggle to strengthen the material and technological foundations in the local industrial plants, as well as modernized the process of production and technology. As a result of this experience, we are accelerating the work to modernize several tens of soy plants. We have made great achievements in the production of all kinds of people's consumer goods such as tobacco, toothpaste, toothbrushes, and [word indistinct].

Therefore, at present, when we look at the decree to carry out the people's economic performance from (?January to August), we overfulfilled the production of toothbrushes by 110 percent, of tobacco by 101 percent, and of toothpaste by 109 percent. The production of [word indistinct] was increased by more than 1.5 times compared with the same period last year. During this period, we increased the production of foodstuff for children, soft drinks, and [word indistinct].

As presented in the party Central Committee's slogan, workers across the country under the Ministry of Local Industry have achieved success in their devoted struggle to greet the 50th anniversary of the founding of the party with a high sense of political zeal and brilliant laborious achievement under the outstanding leadership of the great general. By effecting a greater innovation in the production of the people's consumer goods, we have resolved to make all efforts to further glorify the venue of the grand festival in October, as well as to make my country, my fatherland, become more prosperous and strong. [end recording]

Officials, Miners Accelerate Coal Production

*SK0709130295 Pyongyang Korean Central
Broadcasting Network in Korean 2100 GMT 6 Sep 95*

[FBIS Translated Text] In hearty response to the party's intention to further increase coal production, officials and coal miners from various coal mines have been vigorously waging the struggle to increase coal production, possessing a sense of responsibility and awareness that they are in charge of the frontline of the people's economy.

In an interview with a reporter of the Central Broadcasting Committee, Choe Su-ho, deputy director of a bureau of the Ministry of Coal Industry, states:

[Begin Choe Su-ho recording] In hearty response to the party's intention to further increase coal production, officials and workers of our Ministry of Coal Industry have stood up to increase the flames of the struggle to increase coal production. Officials and coal miners at various mines who are in charge of the production of coal, the grain of the manufacturing industry, have recently been making efforts to produce more coal while courageously overcoming unfavorable natural and seasonal conditions.

In particular, officials and coal miners of the Simni Coal Mine within the Anju District Coal Mining Complex and the Tokchon Coal Mine within the Tokchon District Coal Mining Complex are accelerating coal production, resolving to uphold the great leader Comrade Kim Chong-il's leadership by increasing coal production. They are undertaking good maintenance of the mining and other equipment, and are vigorously waging the struggle to fulfill their high goals.

Officials and coal miners of the Kumyong Coal Mine within the Kangdong District Coal Mining Complex and the Sinchang Coal Mine within the Sinchang District Coal Mining Complex are more vigorously accelerating coal production by efficiently using the available labor, equipment, and material with the revolutionary spirit of self-reliance and arduous struggle, a spirit that calls on them to resolve everything on their own strength even if the higher echelons do not supply the necessities, although it would be better if the higher echelons did supply them. [end Choe Su-ho recording]

Nation Achieves Successful Fall Harvest

SK0709132595

[FBIS Editorial Report] The following is a compilation of news reports carried by the Pyongyang Korean Central Broadcasting Network in Korean and the Pyongyang Korean Central Television Network in Korean on farms

throughout the DPRK achieving good results in their fall harvesting.

At 1100 GMT on 4 September, Pyongyang Korean Central Television carried an under-one-minute report on the Noan Cooperative Farm in Anak County which provided satisfactory harvesting of a wet-field rice, thus making the people happy. The report says the farmers completed their rice transplanting at the appropriate time, increased the number of weeding fields, and effectively carried out water management. Pyongyang Korean Central Television then carried an under-one-minute report on agricultural workers of the Changdo Cooperative Farm in Panmun County providing good crops. The report said well ripened corn was being harvested at the appropriate time. This was followed by another under-one-minute report about the Kachon Cooperative Farm in Pongsan County providing a satisfactory harvest of its wet-field rice. The report stated that the harvesting of beans planted along the footpath between rice fields was also very good.

At 1200 GMT on 4 September, Pyongyang Korean Central Broadcasting carried a one-minute report on farms in South Hwanghae Province accelerating their harvesting of corn fields. The report said agricultural workers in the province, who provided a bumper crop, had already harvested corn totalling several thousand chongbo [1 chongbo=2.45 acres]. The report noted that according to the overall data of the province's rural economy committee, the current corn harvest was carried out in an area 1.5 times greater compared with the same period last year.

At 1200 GMT on 5 September, Pyongyang Korean Central Broadcasting Network carried an under-one-minute report on state-run farms and cooperative farms throughout the region of South Hwanghae Province harvesting over 2,500 chongbo of corn fields. The report stated over 500 chongbo of corn fields were harvested in September in Yonan and Chongdan Counties, and over 50 percent of corn fields were harvested in Haeju.

At 2200 GMT on 5 September, Pyongyang Korean Central Broadcasting Network carried an under-one-minute report on the Taehongdan County General Farm harvesting 250 chongbo of wheat and barley fields daily.

At 1100 GMT on 6 September, Pyongyang Korean Central Television carried a one-minute report on the Kuha Cooperative Farm in Anak County achieving good wet-field rice harvesting. Pyongyang Korean Central Television also carried an under-one-minute report on the Taeryon Cooperative Farm in Panmun County providing satisfactory wet-field rice harvesting. The report said it expects a good harvest.

At 1200 GMT on 6 September, Pyongyang Korean Central Broadcasting Network carried an under-one-minute report on cooperative farms in Sinchon County accelerating harvesting of corn fields and pushing ahead with threshing.

People Volunteer To Move to Farms

SK0709140295

[FBIS Editorial Report] The following are news reports carried by Pyongyang Korean Central Television Network in Korean on people volunteering to advance to cooperative farms.

At 1100 GMT on 4 September, Pyongyang Korean Central Television carried a two-minute report on Comrade Yi Yu-sok, an actor of the Chagang Province Art Propaganda Unit, voluntarily advancing to the Kwangchon Cooperative Farm in Wiwon County along with his family. The report cited remarks by Comrade Yi Yu-sok who is determined to effectively carry out farm work to "uphold our party with rice and loyalty."

At 1100 GMT on 5 September, Pyongyang Korean Central Television carried a one-minute report on Comrade Kim Sang-kun, who used to work as section chief of the Panmun County party committee, volunteering to advance to the Yiman Cooperative Farm with his family, "embraced with the blazing determination to contribute to blooming our party's rural construction plan." The report said after receiving a report on this deed, Kim Chong-il personally sent a thank-you message and bestowed great faith and love for widely introducing it. Pyongyang Korean Central Television also carried a one-minute report on Comrade Yim Yun-kun, a primary level party secretary of the Water Supply and Drainage Management Office for the Taedonggang District, and Comrade Yi Nung-hui, a primary level party secretary of an urban construction unit of the Taedonggang District, volunteering to advance to Paeksong-ri, Pyongsong, and Oryong-ri, Chongju County, North Pyongan Province by upholding the party's intention with their hearts.

Hydraulic Power Stations Increase Output

SK0709130995 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 6 Sep 95

[FBIS Translated Text] Party members and workers at hydraulic power stations in various places, who are making new innovations in implementing the party's revolutionary economic strategy, are operating every facility at full capacity to increase electricity production on the occasion of the 50th anniversary of the party's founding.

In hearty response to the party Central Committee's slogans released on the occasion of the 50th anniversary of the party's founding, over the past four months they have increased electricity production by 20 percent compared to the corresponding period last year. They continue to bring about achievements this month as well.

Party members and workers at various hydraulic power stations are burning with a single desire to loyally uphold our party by satisfactorily meeting the increasing demand for electricity in various sectors of the people's economy. They are vigorously waging the struggle to increase production in hearty response to the party's call to operate all power stations at full capacity and increase electricity production to its utmost.

The Taedonggang Power Station is continuously marching forward without slackening its spirit, the same spirit with which it fulfilled the plans for the first half of this year almost a month early. Electricity producers at 17 March Hydraulic Power Station are doing good maintenance on waterways and dams so as not to waste even a drop of water, are efficiently operating their equipment, and thus are creating more electricity.

Workers of the Kaechon Hydraulic Power Complex and the Changjagang and Wiwon Power Stations are exploring production reserves by making technological innovations and by scientifically operating generators; are improving the efficiency of generators, water turbines, and transformers; and thus, are increasing electricity production.

In step with the added enthusiasm of party members and workers at various hydraulic stations, officials of the Ministry of Power Industry are carrying out political work at power stations and are doing organizational work effectively.

Korean Traders, Industrialists Group Inaugurated

SK0809115295 Pyongyang KCNA in English 1020 GMT 8 Sep 95

[FBIS Transcribed Text] Tokyo, September 6 [date as received] (KNS-KCNA) — The Association of Young Korean Traders and Industrialists in Japan was inaugurated.

It is comprised of young traders and industrialists who appeared as the driving force of the new times. The association was inaugurated in order to carry forward the precious achievements made by the first patriotic generation and creditably inherit the tradition of the nation and patriotism under the changed situation so as to discharge in good honour the role as masters of the movement of Koreans in Japan.

A meeting to inaugurate the association took place in Tokyo on September 6.

Song Won-chin was elected chairman of the association.

Chief Vice-Chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon) Ho Chong-man and chairman of the Federation of Korean Traders and Industrialists in Japan Choe Kyong-sik, in their congratulatory speeches, said the significance of the association's formation rests with the attainment of new creditable pillars to shoulder the Japan-Resident Koreans' Society and their patriotic work and with the emergence of an organization of the younger generation to reliably carry forward the tradition of the nation and patriotism.

A letter to the great leader Marshal Kim Chong-il was adopted at the meeting.

Citizens Urged To Make Nation Richer, Stronger

952C0165A Pyongyang MINJU CHOSON in Korean
21 May 95 p 2

[Article by Kim Son-hui: "It Is the Sacred Duty of Citizens To Struggle Positively to Make Their Country, Their Fatherland, Richer and Stronger"]

[FBIS Translated Text] The party Central Committee, in its slogans marking the 50th anniversary of the founding of the party, calls for a positive struggle to accelerate the conversion of the whole society to the chuche ideology and to thereby make our country, our fatherland — which the great leader Comrade Kim Il-song restored to us — richer and stronger. The slogans reflect the immutable faith and will of our party and people to further strengthen and develop our country, our fatherland, which the fatherly leader restored and built up for us, into a great country, a great fatherland, forever shining with his revered name.

The great leader [yongdoja] Comrade Kim Chong-il pointed out:

"Let us all work dynamically as one and the same to make our country, our fatherland, richer and stronger, like the warriors of the leader, the disciples of the leader, that we are."

To struggle positively to further enrich and strengthen our country, our fatherland that shines with the revered name of the great leader, is the duty of our citizens living in the fatherland of chuche in order to acquit themselves fully of their responsibility and role as masters of the state and society. When our citizens faithfully fulfill their responsibility to make our country, our fatherland, richer and stronger, they will be adding luster to our fatherland as the country of chuche centering on the

masses of people, a great socialist power, glorious with the revered name of the great leader. In order for our citizens to firmly maintain their position as masters of the state and society and to continue to enjoy to their hearts' content the self-reliant, creative life, they must continue to devote themselves body and soul to the struggle to enrich and strengthen their country, their fatherland.

To struggle to make our country, our fatherland richer and stronger is the sacred duty of us citizens, because doing so is, first of all, a noble cause for adding luster to the immortal achievements of the fatherly leader unendingly, for all generations to come.

The great leader, who lived with the great thought "the people are God" as his motto from the early days of his revolutionary career, restored the fatherland to us and turned our country — which had been a synonym for backwardness and poverty and which had even lost its identity on the world map — into a great socialist power of self-dependence, self-support, and self-reliant defense.

The fatherly leader gave his whole life for the people. There are no spots in this land not covered by the footprints of his leadership.

The great leader went through all the hardships man could endure to restore our country, our fatherland, to us and to build up this land, once stricken with backwardness and poverty, into a people's paradise efflorescent with the people's happy life. That is why our people today are singing, with high pride, the praises of their country, their fatherland of chuche — which is the fruit of the fatherly leader's devoted, lifelong endeavor and labors — along with the revered name of the great leader.

The labors and energies that the fatherly leader devoted until the last moment of his great life for the prosperity of our fatherland are immeasurable. Indeed, the fatherly leader is the great founder of the socialist Korea that now shines over the world. The great leader passed away, leaving behind him, for us and posterity, the world's number one country embodying the ideal of mankind, the fatherland of chuche, where a socialist system centering on the masses of people has been established for the first time in history, and where the people's self-reliant, creative life is efflorescing.

If our country, our fatherland — as the fruit of the energies and labors devoted by the fatherly leader throughout his life, and the symbol of his great revolutionary achievements — is to shine eternally as a great country, a great fatherland, forever glorious with the revered

name of the leader, our citizens must wage a positive struggle to make it richer and stronger.

For revolutionary warriors, there is no greater purpose, happiness or honor in life than repaying with their loyalty the love, trust, and benevolence of the fatherly leader, who fostered them and put them at the forefront. Our citizens, whoever they are, are all revolutionary warriors who were bestowed an eternal political life by the fatherly leader and grew under his guiding hand. They are the true sons and daughters of the leader who lived and enjoyed man's genuine dignity, honor, and happiness to their hearts' content in his bosom. Love and trust must be repaid with loyalty. The way for our citizens to treasure their political lives bestowed by the fatherly leader and acquit themselves fully of their basic responsibility and duty as the warriors and disciples of the great leader is to wholeheartedly devote themselves to enriching and strengthening their country, their fatherland, and to add luster to their country, their fatherland — the fruit of the leader's ideology and leadership — as the socialist power of *chuche*. Precisely therein lies the way to strengthen our country as an invincible stronghold of socialism, and to achieve everlasting happiness for our posterity to realize the lifetime wishes of the fatherly leader to the full, and the way for our citizens to acquit themselves fully of their ethical obligations, basic responsibility, and duty as the leader's warriors.

Another reason why it is the sacred duty of citizens to struggle to make their country, their fatherland, richer and stronger is that doing so means a sacred cause upholding the noble intent of the respected and beloved Comrade Kim Chong-il, who is working to bring the great love-the-country and love-the-people thought of the fatherly leader to effloresce on this land.

The greatness and prosperity of a country and a people is not determined by the size of its population or territory but by the greatness of its leader and the sagacity of his leadership.

The respected and beloved Comrade Kim Chong-il is the sagacious leader of our party and people, embodying, on the loftiest plane, the features and gifts expected of a leader and leading our party and people wisely toward the attainment of the revolutionary cause of *chuche*. The great leader [yongdoja] Comrade Kim Chong-il, who early on made the historic pledge atop Mt. Yongnam to add luster to Korea holding aloft the will of the fatherly leader, and who has been leading our party and people sagaciously, has brought on a great golden age of national prosperity shining with the revered name of the leader. Those monumental creations that have risen on this land all so rapidly, show-

ing to the whole world the mightiness of our age, the age of *chuche*, are symbolic of the immortal leadership achievements of the great Comrade Kim Chong-il, who has been devoting all his energies, thoughts and labors to realizing the wishes of the fatherly leader for letting our people have the best living in the world.

To let our people enjoy a good living, so good that they would have no one to envy in the world, was the great leader's thought and will, which he had kept engraved on his heart throughout his life. Until the last moment, the great leader had devoted all his energies to carrying through our party's revolutionary economic strategies to let our people enjoy a good living and turn our fatherland into a happier paradise for the people; he kept unrolling blueprints of prosperity for the fatherland and posterity.

The great leader [yongdoja] Comrade Kim Chong-il is sagaciously leading our people to bring this noble, love-the-country, love-the-people ideology of the fatherly leader to bloom on this land. The great leader [yongdoja] Comrade Kim Chong-il has permanently imprinted on our people's hearts the late fatherly leader's teachings that if we carry through our party's revolutionary economic strategies, we can have an even better livelihood, thus spurring them on to the struggle to carry them through. It is the rock-firm faith and the overall struggle goal of the great Comrade Kim Chong-il to add eternal luster to everything the fatherly leader had achieved for our fatherland and people, and to push to the end to achieve everything the fatherly leader had tried to achieve for our people. The great leader [yongdoja] Comrade Kim Chong-il's love for the fatherland and the people knows no bounds. Comrade Kim Chong-il's aspiration and will for the building of a rich country with a strong army is boundlessly high and strong. The great leader [yongdoja] Comrade Kim Chong-il devotes all his thoughts and activities to the sacred, patriotic cause to add luster to Korea and make it shine forever with the revered name of the fatherly leader.

It is because we have the great leader [yongdoja] Comrade Kim Chong-il at the helm of our revolution that the revolutionary cause of *chuche* firmly maintains its bloodline without the slightest tilting despite the passing away of the fatherly leader. The great leader [yongdoja] Comrade Kim Chong-il, making it his lifetime mission to carry forward and complete the revolutionary cause charted by the fatherly leader, is sagaciously leading our people by politics of love and trust, politics of benevolence, to bring the fatherly leader's "the-people-are-God" ideology to bloom on this land. As long as we have the sagacious leadership of the great Comrade Kim Chong-il, our country, our fatherland, will remain

a great country, a great fatherland that is not only ideologically and politically dignified but also the strongest and most developed economically, and it will overflow with the happiness of the people.

Saying that he felt at ease that another great commander in chief, Commander in Chief Kim Chong-il, now led our party and people sagaciously, the fatherly leader made an earnest appeal to our people that in order for them to fulfill the revolutionary cause of *chuche* to the end, they revere the respected and beloved Comrade Kim Chong-il and highly uphold the leadership of the commander-in-chief.

Because we do have the great leader [yongdoja] Comrade Kim Chong-il with us, the revolutionary cause of our people will keep advancing triumphantly toward its brilliant consummation, free of any failures, twists and turns. The leadership of the great Comrade Kim Chong-il is ever-victorious; it can find the solution to any problems arising in the struggle to enrich and strengthen the fatherland. Upholding, with loyalty, the leadership of the great Comrade Kim Chong-il for enriching and strengthening our fatherland is the way for us, the Kim Il-song people, to enjoy happiness for all generations to come, and the way for our fatherland to continue prospering a hundred years, a thousand years, and forever.

Our citizens must uphold Comrade Kim Chong-il's leadership with loyalty, with the rock-firm faith that the great Comrade Kim Chong-il is the destiny and the future of our country, our fatherland, entrusting him with the future of the fatherland and the people, as well as the destiny of themselves, altogether.

Still another reason that it is citizens' sacred duty to make their country, their fatherland, richer and stronger is that the happy life of our people is tied to the prosperity of our country, our fatherland.

People live under an established social system, carrying the citizenship of their country. Under the legal protection of their country, they exercise their rights and fulfill their duties as prescribed in the constitution. Their destiny, the worthiness of their life, and their happiness are determined by the type of state and social system they live under, what sort of legal status they have, and what kinds of rights and duties they have.

The socialist system established in our country is the most superior system; it is credited not only with today's self-reliant and creative life of the working people but also with the prospects for an even better life in the future.

In socialist society based on collectivism, the independent demands and interests of individuals completely agree with those of the collective; demands and inter-

ests of individuals are satisfied within those of the collective. Under the socialist system in our country, where the leader, the party, and the masses are united in a single socio-political life in what turns the society into a large harmonious family, the destiny of each and every individual is tied in with that of the fatherland.

The democratic freedoms and rights and the happy material and cultural lives that our people enjoy as masters of the state and society are guaranteed by the prosperity of our country, our fatherland, and by the consolidation and development of its social systems. Under the socialist system in our country, the more fully the people's regime displays the vitality of its administration as the administration for the masses of working people, and the more firmly the foundations of the socialist, self-supporting national economy are solidified, the broader and higher will become the rights and status of our citizens in the political, economic, and cultural realms. Therefore, when our citizens struggle dynamically for the ultimate victory of our revolution, and for the enrichment and development of our country, our fatherland, united in one mind around the great leader [yongdoja] Comrade Kim Chong-il, our destiny and future will come to full efflorescence, and eternal happiness will be ours.

All our citizens will rally closely around the party Central Committee led by the respected and beloved Comrade Kim Chong-il, in one and the same mind, and fight on staunchly to make our country, our fatherland, richer and stronger, and by doing so, add luster infinitely to the socialist fatherland of *chuche* shining with the revered name of the fatherly leader.

South Korea

North Denies Kim Yong-sun Remarks on Japanese Aid

SK0809024095 Seoul KBS-1 Radio Network
in Korean 0200 GMT 8 Sep 95

[By Yu Sung-che from Tokyo]

[FBIS Translated Text] The Japanese SANKEI SHIMBUN reported on 8 September that North Korea explained that Kim Yong-sun's remarks on Japan's rice donation quoted by the monthly magazine MAL are untrue. A recent MAL issue reported that Kim Yong-sun referred to Japan's rice aid as an apologetic donation, not aid on a humanitarian basis. Japan has suspended the rice aid and demanded an explanation from North Korea. According to ranking officials of the Japanese coalition ruling parties, Kim Yong-sun reportedly sent a letter saying the MAL article was a set-up and that he could not understand why Japan was making commotion out of an article from an unreliable ROK magazine.

Editorials View Abolition of Russia-North Treaty

SK0809081095

[FBIS Editorial Report] The following is a compilation of editorials published by ROK vernacular newspapers on 8 September commenting on Russia's proposal to North Korea to abolish the Treaty of Friendship, Cooperation, and Mutual Assistance that was signed between the former Soviet Union and North Korea in 1961.

The conservative CHOSON ILBO carries on page 3 a 1,000-word editorial headlined "After the Abolition of the 'Russia-North Korea Treaty.'" The editorial states that the formal abolition of the Russia-North Korea treaty means the time has come when North Korea can longer remain in the Cold War era, stating: "If North Korea tries to fill the vacuum created by the abolition of its military alliance with Russia by means of a military buildup, then Pyongyang will be gravely mistaken. Pyongyang must humbly accept the lesson of history that, as Paul Kennedy points out, a reckless military buildup would result in an economic collapse and eventually self-destruction."

After stating that North Korea must realize that its efforts to achieve reunification with the *chuche* idea are unrealistic, the editorial adds: "If North Korea tries to cling only to the United States in the belief it has no choice but to rely on the United States to maintain its existence, then North Korea will be deprived of stability in its security policy. Pyongyang must cool-headedly examine the overall situation in Northeast Asia and try to determine a new path." The editorial concludes by urging the ROK Government to see beyond those aspects regarding the abolition of the treaty that are favorable to it, stating: "We must closely examine how new movements by North Korea will affect our security situation, and must deal with the situation on our own initiative."

The moderate TONG-A ILBO carries on page 3 a 1,000-word editorial headlined "Abolition of the Russia-North Korea Military Alliance." The editorial states that the abolition of the treaty is meaningful because it removes an obstacle to the development of ROK-Russia relations of friendship and cooperation, reconfirming their partnership and providing an opportunity for North Korea to realize that the situation on the Korean peninsula is moving from confrontation to reconciliation. The editorial states: "North Korea can no longer remain isolated and closed because the situation will not allow it. Pyongyang must find ways to improve North-South relations and promote North-South cooperation. It must achieve stability and development by opening up and reforming itself."

The moderate CHUNGANG ILBO carries on page 5 an 800-word editorial headlined "After Notification of the Abolition of the Russia-North Korea Treaty." After noting the symbolism created by the abolition of the treaty, the editorial states: "Russia's decision to abolish the treaty means Moscow is adjusting its policies to the real situation." The editorial adds: "Because the North Korean military's weapons system are dependent on Russia, North Korea is an important weapons market for Russia. Therefore, we presume Moscow will make efforts to improve its relations with North Korea even after abolishing the treaty. We must view the recent frequent exchanges between North Korea and Russia in this context."

The moderate HANGUK ILBO carries on page 3 a 1,000-word editorial headlined "Abolition of the Russia-North Korea Treaty." The editorial notes that the abolition of the treaty will greatly contribute to easing tensions on the Korean peninsula by liquidating a major legacy of the Cold War. It adds: "We can easily imagine that, even though it has consented to examining a new treaty, North Korea will certainly further strengthen its relations with China to compensate for the nullified military alliance with Russia." Recalling that North Korea accelerated its nuclear development after the former Soviet Union established closer relations with the ROK, the editorial states: "North Korea may make another attempt to develop nuclear weapons, and in particular, may produce long-range missiles and chemical weapons to maintain and protect the Kim Chong-il system." The editorial concludes: "We welcome Russia's abolition of the treaty. However, we must watch North Korean military movements to cope with the abolition of the treaty."

The moderate KYONGHYANG SINMUN carries on page 3 an 800-word editorial headlined "The Order on the Korean Peninsula Has Shed Its 'Old Coat'." The editorial states that the abolition of the treaty will not immediately remove the dark clouds over the Korean peninsula, adding: "The abolition of the treaty will make the ROK-U.S. mutual defense treaty, the 'DPRK-PRC mutual assistance treaty,' and even the U.S.-Japan security treaty important factors in restructuring the order in Northeast Asia. This means the powerful countries surrounding the Korean peninsula will enter a fierce competition to restructure that order. This is why we are not delighted about the abolition of the treaty." The editorial concludes: "The abolition of the Russia-North Korea friendship treaty will demand that the Korean peninsula emerge afresh in the international community after shedding its 'old coat.' The government must ponder what it should do to meet that demand."

The pro-government SEOUL SINMUN carries on page 3 an 800-word editorial headlined "Abolition of the

Russia-North Korea Military Alliance." Noting the symbolism of the abolition of the treaty, the editorial states: "Russia's notification of its intent to abolish the 'Russia-North Korea' treaty will remove the last obstacle to ROK-Russia relations. It will also help to more naturally improve ROK-Russia relations. The development of ROK-Russia relations will serve as leverage in adjusting Russia-North Korea relations."

The left-leaning HANGYORE SINMUN carries on page 3 an 800-word editorial headlined "Using the Abolition of the Russia-North Korea Treaty as an Opportunity To Build Peace." The editorial states the abolition of the treaty is meaningful in that the legacy of the Cold War has been removed, adding: "We hope the abolition of the 'Russia-North Korea treaty' will serve as a favorable opportunity to ease tensions on the Korean peninsula and build a permanent peace." The editorial then states: "Though anticipated, as the Russia-North Korea military alliance was formally scrapped and an unforeseen situation unfolded in North Korea-PRC relations, the solid balance on the Korean peninsula has broken up. The change in the situation on the Korean peninsula will certainly consolidate the ROK's diplomatic and economic superiority." The editorial concludes: "North and South Korea must take the initiative in building peace on the Korean peninsula. In this respect, we must bring an end to the unstable armistice and build a permanent peace structure."

Prospects of ROK-U.S. Economic Ties Viewed

952C0166B *Seoul SILMUL KYONGJE in Korean*
2 Aug 95 pp 29-32

[Article by Yi Pong-hun, KIET North American affairs associate researcher: "New ROK-U.S. Economic Relationship Directed Toward the 21st Century"; SILMUL KYONGJE is published by the Korea Institute for Economics and Trade (KIET)]

[FBIS Translated Excerpt] **The ROK-U.S. economic relationship has been punctuated by continual conflict and discord since the 1980's due to trade frictions, among other issues. With the 21st century around the corner, this is the time when both countries need a mature attitude of trying to achieve mutual prosperity and growth in partnership in order to prepare for the forthcoming Asia-Pacific era.**

President Kim Yong-sam's visit to the United States, his second since his inauguration, took place at the historic moment of the 50th anniversary of the liberation of Korea and at the threshold of the 21st century. For this reason, the visit serves as a momentum for a wholesale review of the ROK-U.S. relationship. In addition, it adds momentum to considering the question of how the

ROK should redefine its economic relationship with the United States, its most important economic partner, in a forward-looking manner, at a time when we need to prepare ourselves for the Asia-Pacific era which will arrive in the 21st century.

Looking back upon the ROK-U.S. economic relationship, we notice that it was dominated by U.S. economic aid and financial and technological assistance to the ROK in the 1960's and 1970's. In this period the United States greatly contributed to the ROK's export-driven high growth rate while serving as the major export market for Korea products. But beginning in the middle of the 1980's, the trade relationship soured as the ROK's trade surplus rapidly increased. [passage omitted]

With the termination of the cold war structure and the radical change in the world economic environment in the early 1990's, the U.S. economic foreign policy also underwent a radical change. The U.S. economic foreign policy shifted its priority from national security to concern for national interests. Internally, the United States adopted diverse policy measures designed to upgrade the international competitiveness of U.S. industries. Externally, it has been actively pursuing regionalist policies by participating in the formation of the North American Free Trade Area [NAFTA], pushing for the formation of the Free Trade Area of Americas [FTAA], and pressing for the early liberalization of trade and investment by APEC [Asia-Pacific Economic Cooperation Conference] countries. The United States is pursuing a trade expansion policy specifically directed at the prospective big emerging markets [BEM's] in the ROK, China, India, Brazil and other Asian and Latin American countries while seeking economic expansion in other areas. This change in the U.S. foreign policy and the enhancement of the ROK's international economic position have brought about a radical change in the underlying tone of the U.S. trade policy toward the ROK.

Beginning in the latter 1980's, our exports to the United States tended to stagnate or decrease while our exports to China and Southeast Asian countries rapidly increased, lowering the ratio of our exports to the United States to our total exports. At the same time, the large surplus the ROK enjoyed in its trade with the United States in the 1980's began to turn into red ink. Particularly since last year, our imports from the United States have sharply increased, ballooning the trade deficit with the United States. In spite of all this, there have been unending specific trade issues between the two countries, such as opening the ROK agricultural, automobile, and financial markets and protecting intellectual property. [passage omitted]

As a matter of fact, the two countries have been unable to avoid a vicious cycle of trade issue, to friction, to negotiation, to a new issue as trade frictions continued and the perception gap remained unclosed. The United States maintains that the ROK market opening does not match the level of its economic development and that the role the ROK is playing in the international community is inadequate. The United States admits that the ROK markets have opened much wider recently, but its trade and investment systems are discriminatory to foreigners and its imports are restrictive. On top of that, the United States raises the question of credibility, maintaining that the ROK fails to keep its promises.

The ROK's negative perception of the United States has come to the fore —the perception that the U.S. trade pressure is one-sided and aimed at solving problems by the logic of force. In the eyes of the Koreans, the United States, in a manner unbefitting a large economic power, is oversensitive to minor complaints of U.S. private businesses and prone to apply pressure to foreign countries at a government level in response. Also gaining ground is the perception that in a manner unbefitting a large economic power, the United States fails to properly appreciate our efforts for market opening and is making increasingly unreasonable demands. [passage omitted]

It is our judgment that the ROK and the United States have sufficient motivation for becoming major economic partners. From our point of view, the United States is the ROK's largest export market and should remain so in the future. In contrast to the sharp rising curb of our exports to China, Southeast Asia, and Latin America, our exports to the United States have decreased since the latter part 1980's.

Nevertheless we should never neglect the U.S. market. The United States, a veritable display stand for the world's commodities, is the world's largest market. After a product has survived the fierce competition with other products in this market and had its price and quality recognized as competitive, it can survive in any other market. In a word, the U.S. market plays the role of litmus test for the competitiveness of any enterprise, or any country, for that matter. Besides, the United States is an important supplier of high technology and capital. In the past Japan was the largest supplier of technology to our country; but since the early part of the 1990's, it has been reluctant to transfer technology to Korea. On the contrary, the supply of technology from the United States has increased.

From the U.S. point of view, the ROK is emerging as a market that cannot be ignored. The three other Asian dragons are merely city states, but the ROK has

a considerably large market scale, with a population of 43 million and a per capita income of over \$10,000 dollars. Moreover, it is recognized that there is ample room for Korea, when it is reunified in the future, to become one of the world's leading economic powers with a population exceeding 700 million. Geopolitically also, the ROK can be an important bridgehead for the United States in entering the markets in China, Japan, Siberia, and Vietnam, etc. That is why the United States regards the ROK as one of the 10 big emerging markets.

Korean firms are active in expanding operations into the United States. In the not too distant future, our accumulated investments in the United States are expected to exceed the United States' accumulated investments in Korea. In other words, Korean enterprises will be able to greatly contribute to creating employment in the United States.

If the ROK and the United States search for a new cooperative relationship on the bases of their mutual needs, such a relationship will contribute not only to the development of the economies of the two countries but also to the prosperity of the Asia-Pacific region. The focus of the economic relationship that will develop between our two countries in the 21st century should be placed on efforts to find ways to promote trade and industrial cooperation so that their mutual interests may be maximized in the context of equal partnership.

First, in the area of trade cooperation, the two countries should cooperate with each other in securing a stable position in each other's markets through an expanding equilibrium. The scale of trade between the two countries is expected to exceed \$50 billion this year and reach the tune of \$100 billion by the early part of the 21st century. The promotion of bilateral cooperation will hasten the realization of these prospects, thereby greatly contributing to the revitalization of the economies of both countries. This cooperative relationship should be expanded into a system of mutual support in multilateral negotiations at the World Trade Organization [WTO], APEC, and other international arenas. This is because without an overall improvement in the worldwide trade environment neither of the two countries can hope to achieve economic growth through trade.

Along with cooperation in trade, the two countries should step up cooperation in industrial technologies. With the progress in the globalization of industries, international competition is becoming evermore acute. Under the circumstances, an effective allocation of factors of production among countries can have a great impact on improving the competitiveness of each industry. In addition, to overcome the technological protectionism that is spreading worldwide, the two countries should

expand mutual investments and technology exchanges between their enterprises.

The maintenance of a close cooperative relationship between the enterprises of the two countries can greatly conducive to preventing trade frictions and add momentum to reducing their chronic trade deficits with Japan. Cooperation between the enterprises of the two countries is expected to lay an advantageous groundwork for their joint entries in the emerging markets in China, Vietnam, and other countries.

As pointed out by President Kim in his statement made at his departure for the United States, we hope that this year, the 50th anniversary of Korea's liberation, will see a full 50th annual ring marked on the tree of the substantive ROK-U.S. relationship and that this will mark the first year of mutually beneficial, equal, and mature partnership firmly established in their economic relations.

Burma**Mon Leader Pays Courtesy Call on Than Shwe**

*BK0509145095 Rangoon Radio Myanmar in Burmese
1330 GMT 5 Sep 95*

[FBIS Translated Text] Mon Leader Nai Shwe Kyin [chairman of the New Mon State Party] and delegation members Nai Htin, Nai Tin Aung, Nai Aung Naing, and Nai Soe Myint, accompanied by peace negotiators Nai Khin Maung and Nai Pe Tin, paid a courtesy call on Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] and commander in chief of the Defense Services, at the Defense Services Guest House on Inya Road in Yangon [Rangoon] at 1330 today.

Also present were General Maung Aye, SLORC vice chairman, deputy commander in chief of the Defense Services, and army commander in chief; Lieutenant General Khin Nyunt, SLORC secretary-1; Lt. Gen. Tin U, SLORC secretary-2; Lt. Gen. Maung Thint, minister of progress of border areas and national races and development affairs; and responsible personnel.

KNU Issues New Call for Dialogue With SLORC

*BK0609054595 Bangkok BANGKOK POST
in English 6 Sep 95 p 8*

[FBIS Transcribed Text] The Karen National Union (KNU) has issued a fresh call for dialogue with the ruling military junta in Rangoon after a KNU congress which returned veteran leader Bo Mya as the organisation's president.

In a statement seen here on Monday, the KNU also said it would "further strengthen" the Karen National Liberation Army and Karen National Defence Organisation to serve the Karen resistance to Rangoon.

Urging "unity for the entire Karen nation," the KNU said it would "endeavour for a dialogue between the KNU and SLORC [State Law and Order Restoration Council] for the establishment of genuine and lasting peace in the country."

SLORC refers to the State Law and Order Restoration Council, as the junta is officially known.

Bo Mya's return to the KNU leadership surprised observers who had expected him to be replaced after Karen guerrillas were virtually eliminated as a military threat at the start of the year.

The 11th Karen Congress, held at an unspecified location August 21-31, was the first since the breakaway Democratic Kayin Buddhist Organisation (DKBO) helped SLORC forces drive the KNU from their strongholds on the Thai-Burma border.

— Meanwhile, a leading ethnic Mon guerrilla leader Nai Shwe Kyin held a meeting with Burmese military leader General Than Shwe at the Burmese Defence Ministry yesterday, official Burmese radio said.

Brunei, Malaysia & Singapore**Malaysia****Mahathir Regrets French Nuclear Test 'Very Much'**

*BK0709080495 Kuala Lumpur THE STAR in English
7 Sep 95*

[Received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Malaysia yesterday joined the international community in condemning France for detonating a nuclear device in the South Pacific.

Prime Minister Datuk Sri Dr. Mahathir Mohamed said Malaysia regretted the act "very much."

"They should not have gone against such strong opposition from all over the world," he added after paying a farewell call on the Republic of Guinea president, Mej. Gen. [Major General] Lansana Conte.

He said the fact that France chose to conduct its nuclear testing in the South Pacific revealed the dangers it posed.

He added: "If the bomb is safe, then it should be exploded in Paris and not in the South seas. So, it is obvious that there are dangers and the dangers will accrue to the people who live in that area."

"I think this is not fair. We are against all testing whether they are done in their own country or outside their country."

"And we are very much against testing in other countries because this is not fair to the other countries."

Asked whether Malaysia would recall its ambassador to France, Dr. Mahathir said Malaysia would not do so because it would not make any difference.

"What is the good of recalling our ambassador. The whole world was against France, but it continued," he added.

Editorial Hails ASEAN Policy on Cambodia

*BK0809110895 Kuala Lumpur NEW STRAITS TIMES
in English 7 Sep 95 p 10*

[Editorial: "A Future To Heal the Past"]

[FBIS Transcribed Text] Hardly anything in ASEAN's work experience succeeds as well as Cambodia in

backing its claim to be taken seriously. The 1991 Paris peace accords that yielded the democratic Cambodia of today was certainly not an outcome that would have happened anyway. Indochina after the Vietnam War was an international pariah snubbed most disdainfully by the one global power which had done most to set its future and failing in the attempt — the United States. In the most outstanding vindication of its strategy of constructive engagement (hands on, where all others took their hands off in support of what amounted to an unspoken Western embargo), ASEAN prevailed upon the contending parties to make peace without losing face. Settling the Indochina "issue" with little help from any of the global big players was not just a diplomatic piece de resistance. Throughout, the broadening of ASEAN to admit the countries of Indochina was implicit — it was a reward for rapprochement which the noncommunist grouping brandished as a symbol of its own good faith and sincerity. ASEAN's pivotal role cut both ways — allowing Indochina and the West to reengage each other by clearing the ideological thicket that had kept them apart.

Neither in Paris nor in the United Nations-sponsored elections a couple of years later did ASEAN step forward from behind the scenes. Even as it allowed the UN to steal most of the thunder for the peace of Indochina, ASEAN's role was not over yet. For one, it had to keep working to deter the international community from concluding that enough had been done. Most of this job concerned pulling the war-ravaged region back on its feet, in particular to help provide for a liberal market economy. Only general prosperity can erase the long history of regional loggerheads and secure the permanence of freedom and democracy in Indochina. Malaysia has been actively engaged in this area from very early on with the prime minister himself leading and ushering the private sector and reverse investment into Cambodia and Vietnam. Unlike other neighbouring countries, for whom the opening up of Indochina simply means the resumption of old cross-border trade, Malaysia has been forging an economic relationship on new potentials, new ventures, and new markets, putting money where its mouth is in its commitment to regional integration. The first thing that Cambodian King Norodom Sihanouk did on his official visit here was to acknowledge how much his country owed to this country and its leader.

Malaysia's and ASEAN's outreach for Cambodia stands in contrast to most other outside countries' wait-and-see attitude. Far from putting the hangover of the Cold War behind them, many Western countries are raising the confidence-building tests on which more aid and support can be granted. The United States has only

last month accorded Cambodia its most-favoured-nation trading status, while it carped on purported human rights inadequacies. After the successful conduct of the elections, many outsiders are still too inclined to overlook the odds that Cambodia still has to contend with. In spite of these, more than a little of the economic growth that has infected Southeast Asia has been rubbing off onto it and the rest of Indochina. Cambodia needs all the help it can get — much better for it if most of this is close at hand. Malaysia for one is hoping that ASEAN's mutual cooperation and self-help will be extended to cover Cambodia very soon.

Cambodia

King Refuses To Sign 'Controversial' Press Law

BK0809044695 Hong Kong AFP in English
0148 GMT 8 Sep 95

[FBIS Transcribed Text] Sept 8 (AFP) — Cambodia's King Norodom Sihanouk has said he refused to sign the country's controversial new press law that takes effect Saturday.

In a message faxed to AFP late Thursday, King Sihanouk, who has been a strong advocate of press freedom since retaking the throne two years ago, said he could not sign the law as he disagreed with several of its articles.

The law calls for jail sentences and heavy fines for publishing material that affects "political stability and national security" and allows the ministries of interior and information to confiscate and close newspapers without a court order.

It was signed by National Assembly President Chea Sim, who serves as acting head of state when the king is out of the country, on August 31 just hours after the monarch left on a state visit to Indonesia.

"Concerning the press law, my position regarding certain articles of this law is different from that of the GRC (Royal Government of Cambodia) and the National Assembly," the king said in his fax, a reply to a query about why he did not sign the law.

"It is for this reason that I told (Chea Sim) that I could not sign this law and that if he ... wanted to sign it, he could do so in my absence," King Sihanouk said.

The law was passed by the parliament in mid-July.

The king, who has said he would have the "right and obligation" pardon convicted journalists, hinted he did not more fervently object to the law because "we respect the personal convictions of each among us that concern various Cambodian problems."

He said his relations with the government and the National Assembly remained "excellent."

Human rights groups and the United Nations Special Representative for Human Rights in Cambodia have expressed serious concerns over the law in its present state as it does not define the terms "political stability" or "national security."

Though the law removed criminal penalties for libel and defamation, the groups have said the law can still be used to clamp down on dissent and jail prisoners of conscience.

The right of closure and confiscation of publications without a court order also damages the right to freedom of expression as guaranteed in the Cambodian constitution.

Minister of Information Ieng Muli has said his department would issue sub-decrees setting out definitions for the terms and guidance for judges in imposing jail sentences of those convicted of violating the law.

He said Friday the sub-decrees might be finished by the end of next week, but would have to be approved by the Council of Ministers.

In the meantime, the government has asked a court to charge at least three newspapers, including the American-owned Phnom Penh Post, with criminal disinformation.

It remains unclear under what law, if any, the papers will be charged with.

Minister Signs Agreement on Airport Expansion

*BK0809100895 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 8 Sep 95 p 4*

[FBIS Translated Text] On the evening of 5 September, Ing Kiet, deputy prime minister and minister of public works and transport, signed agreements with internationally-renowned major French and Malaysian companies at the Sofitel Cambodiana Hotel under the chairmanship of the prince krompreah first prime minister.

The deputy prime minister said that the signing of the concession agreement is to allow Pochentong international airport to go through a new phase in line with the country's development and move into the framework of Southeast Asia's transport policy. The immediate task is rehabilitation work worth 120 million dollar [currency not further specified] to establish cooperation with airports in the region and to improve and modernize air traffic. Ing Kiet stressed that efforts to increase the capability of the Cambodian airport are in response to the development of tourism in the future.

Responding to this statement the chairman of Dumez-GTM, representing the French enterprise; and the representative of Malaysia's Muhibbah Engineering, Masteron SND, and Muhibbah Masteron, expressed satisfaction with this major project, which will be completed in the near future.

It should be specified that the signing of the concession agreement is an agreement based on the build-operate-transfer (BOT) formula. The above companies will complete the construction within three years. It is expected to be inaugurated and officially open for service by mid-1998.

The construction project includes the gauging and electrical systems for the old runway and the construction of an taxiway to international standards. Apart from this, there will be some expansion and consolidation of the old runway and the construction of entrance and exit roads for aircraft and also a passenger terminal. Along with this project will be the construction of a new runway 3,600 meters long and 45 meters wide, which is the international standard for civilian aircraft, and so on.

Grenade Explodes at Opposition Newspaper Office

*BK0809012195 Hong Kong AFP in English
1736 GMT 7 Sep 95*

[FBIS Transcribed Text] Phnom Penh, Sept 8 (AFP) — A small explosion in front of the office of a Cambodian opposition newspaper office shattered windows and ripped away part of the building's front gate Thursday night, witnesses and the paper's publisher said.

The explosion occurred around 8 p.m. (1300 gmt) in the courtyard of the office of the Khmer-language Morning News which is also the home of the publisher Nguon Non, they said.

No one was injured and Nguon Non said he was told by police the explosion was caused by an American-made hand grenade.

Police officials could not be reached for comment.

The Morning News has over the past several weeks published articles highly critical of the government and accused senior police officials of being corrupt and planning to release arrested drug suspects.

"I think this was politically motivated," Nguon Non said in his courtyard, which was littered with debris from the blast. He said he had received numerous threatening telephone calls following the recent articles.

In late August, the government announced plans to charge him and the newspaper with defamation and criminal disinformation charges.

Last year, Nguon Non served a short jail sentence for publishing what the government said was false information relating to a failed coup attempt in July.

Police Arrest Officers in Counterfeit Case

*BK0709083195 Hong Kong AFP in English
0632 GMT 7 Sep 95*

[FBIS Transcribed Text] Phnom Penh, Sept 7 (AFP) — Cambodian police on Thursday seized more than 280,000 dollars in counterfeit American banknotes and arrested four suspects, including two high-ranking military officers, police officials said.

Cambodian army General Chan Khemarak of the Ministry of Defense Logistics Department, navy Colonel Yim Chanvanak and another military officer were arrested in Phnom Penh with the counterfeit currency in their possession, Heng Pov, chief of the capital's drug enforcement squad, told reporters.

One other man was also arrested, he said.

Th@ counterfeit notes — all 50 dollar bills believed to have been printed in Germany and brought to the capital from Thailand through southwestern Koh Kong province — were in a pick-up truck with military license plates driven by the four men, Heng Pov said.

The men were allegedly trying to sell the notes in one of Phnom Penh's busiest markets for 31 dollars per 100 counterfeits.

"If we did not seize them, this counterfeit money could seriously hurt our economy," Heng Pov said. "This money can easily be spent here because our rural people can not distinguish between fake ones and the real ones."

He said the police also confiscated three weapons — two AK-47 assault rifles and an M-79 rocket-propelled grenade launcher — and [word indistinct].

The four suspects were expected to be formally charged Thursday under a law that prohibits the disturbing of the national economy and could face five to 15 years in prison if convicted.

Earlier this year Cambodian police seized one million dollars in counterfeit currency from smugglers who brought it into the country from Thailand through the northwest border crossing of Poipet.

The arrests of the military officers come as men in uniform are increasingly being accused of crimes.

Villagers Report Khmer Rouge Troops in Battambang

*BK0809095495 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 8 Sep 95 p 5*

[FBIS Translated Excerpt] [Passage omitted citing the first deputy commander of Battambang provincial police on recent surrender of an unspecified number of Khmer Rouge soldiers from the Tonle Sap area]

The first deputy commander of Battambang provincial police, however, also said that Khmer Rouge rebels still operate in some localities in the province when vigilance is lacking. However, only between 10 and 15 rebels are involved in these operations. This is all the rebels can do because they are getting weak.

A separate report from Battambang District, based on villagers' accounts, said that on 3 September 100 rebels showed up south of Rong Chrey commune in the western part of the district. According to reliable accounts by villagers, the rebels plan to attack Anlung Run and Chrey communes and to lay mines to disrupt rail and road traffic with the main objective of moving into the Tonle Sap area. Furthermore, on the same day 20 rebels showed up in the Boeng Akeh area of the inundated forest east of Moug Russei District.

Rebels Set Conditions To Solve Nation's Problems

BK0809053295 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 7 Sep 95

[Unattributed commentary]

[FBIS Translated Text] Since the invasion of Cambodia by communist Vietnam, national and social problems have continued to loom and are now becoming extremely serious.

Judging from some of the major national problems, it can be seen that the communist Vietnamese war of aggression is not yet over. The Vietnamese, the Vietnamese puppets, and the alliance have colluded to sabotage the Paris agreement, national reconciliation, and peace. They have continued to fan the flames of the Vietnamese war to do away with the Cambodian nation, people, and race.

Regarding the border problem, communist Vietnam has pressed its puppets into accepting a great many agreements and treaties, allowing it to snip away a large portion of Cambodia's territory, territorial waters, and islands. One example is in the province of Mondulkiri where the Vietnamese have occupied the Cambodian land up to the Sen Monorom route, 50 km inside Cambodia from the border.

As for social problems, they have been caused by the communist Vietnamese aggressors, the alliance, and the two heads. Since 1979, the Vietnamese have continuously flowed into Cambodia. There are now over 4 million Vietnamese in Cambodia. The first and second class [thnak ti muoy ning thnak ti pi] communist Vietnamese puppets have protected the Vietnamese, allowing them to rob the Cambodian people's houses, villages, land, paddy crops, and rice without impunity. There are countless numbers of Vietnamese prostitutes spreading AIDS throughout the Cambodian society, in Phnom Penh and in the provinces.

For the two-headed administration, since it was born prematurely to UNTAC [UN Transitional Authority in Cambodia], the alliance, and communist Vietnam, it has indiscriminately robbed everything, including the people's rice fields, orchards, paddy crops, rice, oxen, water and buffaloes. The ringleaders of the two heads have sold hundreds of thousands, or even millions of hectares of forest mostly in Mondolkiri, Stung Treng, Kratie, Koh Kong, and Kompong Som Provinces to foreign merchants to line their pockets. They have collected taxes of all kinds, such as the ones on oxen and carts, from the people. Along with this, the two-heads have forged fascist laws to stifle, arrest, and liquidate those who remain Cambodian and those who demand that national reconciliation be achieved and the communist Vietnamese war of aggression be terminated.

The two-heads are conscripting soldiers daily. They are sending them to fight, to be killed or wounded on the battlefield by the hundreds every day. The people are realizing more and more that the two-heads are extremely traitorous and corrupt. They have not used the millions of dollars in foreign aid to build the country or to improve the people's livelihood. The two-headed ringleaders have used this aid to further the communist Vietnamese war and then pocket the remainder of the money themselves.

The national and international communities understand that it is the aforementioned problems that cause the 2.5 million Cambodian people to be starving at the moment. The famine has caused people to stage protests in front of the Royal Palace, the National Assembly, the residences of Hun Sen and Ranariddh, and the FUNC-INPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] office, to demand that the two-heads return their plots of land to them, which have now been plundered.

The state of the aforementioned problems indicates unequivocally that the national and social conflicts have become more and more serious and that the struggle has heated up. The Cambodian nation and people at home

and abroad demand that the national and social problems be resolved as follows:

1. The communist Vietnamese war of aggression must be brought to an end immediately;
2. The Vietnamese must be concentrated in camps, then sent back to Vietnam;
3. The villainous alliance must stop interfering in Cambodia's internal affairs and stop giving weapons to the two-heads;
4. The two-heads must be terminated expeditiously, and
5. A genuine national government that comprises all of the patriotic forces, including Khieu Samphan's National Union Party, should be formed.

Khmer Rouge Singles Out Hun Sen for Attack

BK0809095895 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 7 Sep 95

[FBIS Translated Text] According to reports from Phnom Penh, various circles in the city have said that experiences from their past struggles against this person called Hun Sen and the communist Vietnamese aggressors, who are currently openly exterminating the Cambodian race, have shown that they have been repeatedly repressed, intimidated, imprisoned, or even executed by the communist Vietnamese Dac Cong troops under the orders of the nation-betraying Hun Sen and communist Vietnam. Those compatriots are now said to have already chosen ways to smash Hun Sen's head as follows:

1. By continuing the political struggle;
2. By staging further small and large protests;
3. By organizing riots to smash Hun Sen's head, and
4. By implementing secret guerrilla warfare to smash Hun Sen's head at his residence, office, and the National Assembly, and when he travels about.

The compatriots added that only by conducting all forms of struggles can the head of the nation-betraying ringleader, who is the out-and-out communist Vietnamese lackey, be smashed. If Hun Sen's head is smashed, the Vietnamese aggressors — his masters — will have no more goonish elements to further the policy of invading Cambodia and killing the people. Smashing Hun Sen's head is a key to organizing ways to end the communist Vietnamese war and to achieve national reconciliation and peace, thereby allowing Cambodia's current small and large national and social problems to be resolved.

Conspicuously, it is Hun Sen who is the chieftain of the communist Vietnamese puppets and communist Vietnam's goonish elements as they kill Cambodians, pro-

long the war, and sabotage national reconciliation and peace. It is Hun Sen who has agreed to allow communist Vietnam to snip at Cambodia's territory, seas, and islands by tens of thousands of square kilometers. It is Hun Sen who has authorized over 4 million Vietnamese and other new ethnic Vietnamese to flow in Cambodia to indiscriminately rob the people's land, houses, villages, and the like. Hun Sen conspires with communist Vietnam to eradicate the Cambodian nation and race. It is Hun Sen who is the most corrupt nation-betraying ringleader. He has sold hundreds of thousand hectares of islands, land, and forest and allowed foreign merchants to destroy them at will. He is using part of the money to further the communist Vietnamese war to kill the Cambodians while sharing and pocketing the other part with his associates and family members. It is Hun Sen who is the fascist dictator of communist Vietnam. His nation-betraying crimes are numerous. It is Hun Sen who is the most corrupt and fascist chief traitor and the out-and-out communist Vietnamese lackey. No Cambodian can forgive him for his crimes. He must be smashed so that people — young and old, male and female alike — can know him as an out-and-out communist Vietnamese lackey who is betraying and doing away with the nation and can always memorize and relate this event to their children for generations to come.

Indonesia

E.Timor Youths Protest 'Insult' to Catholicism

BK0809080995 Hong Kong AFP in English
0757 GMT 8 Sep 95

[FBIS Transcribed Text] Dili, East Timor, Sept 8 (AFP) — Hundreds of youths Friday took to the streets of Dili, capital of the former Portuguese colony of East Timor, to protest an alleged insult to Roman Catholicism by Muslims, witnesses said.

Scores of mainly high-school students carried out rowdy protests in at least six separate places in an around Dili, the witnesses said.

They stopped cars and motorcyclists in several main streets looking for Muslims and harassing them, the witnesses said. One motorcycle was set on fire at a local shopping centre.

The students were protesting a statement issued by 26 people, wardens and inmates, in Maliana prison 73 kilometers (45 miles) southwest of here, which insulted Roman Catholicism, the predominant religion in East Timor.

The handwritten statement called Catholicism a "nonsense" religion and questioned the virgin birth. The insults sparked protests in the towns of Maliana and Viqueque earlier this week.

An officer at the East Timor Police headquarters, who only identified himself as Mance, dismissed the protests as "just normal, with schoolchildren wanting to make some noises."

He said there had been no violence or any arrests.

Jakarta unilaterally declared East Timor its 20th province in 1976, but the United Nations has not recognised the move.

Timor Governor Regrets Desecration of Churches

BK0809094795 Jakarta SUARA KARYA
in Indonesian 8 Sep 95 p 11

[FBIS Translated Excerpt] Dili. (SUARA KARYA) — Abilio Soares, the East Timor governor expressed deep regret over a series of incidents that occurred in several regencies in East Timor, notably the destruction and torching of places of worship that derided religion. Abilio's statement was issued to reporters on Thursday (7 September) through his provincial spokesman Drs [academic title] Expedito Diaz Ximenes.

Expedito said: "The honorable governor expressed his profound regret over the week-long series of incidents that took place one after the other when a certain group of irresponsible persons destroyed and torched four places of worship (two churches and two small mosques) and a market in the Uatulari District; other incidents occurred in the Viqueque Regency, the Maliana Regency, the Liquisa Regency, the Ambangsuai Regency, the Baucau Regency, and Dili."

Governor Abilio received reports from the respective village chieftains confirming the incidents had occurred, particularly those that occurred in Uatulari District, the Viqueque Regency and the Maliana Regency. The group in the Viqueque Regency destroyed the Holy Church of God, the Hosannah Church, and two small mosques while a small market with 25 stalls was razed to the ground. The incidents occurred on Wednesday (6 September) at 0900 local time. Several stalls were torched and destroyed in the Bobonaro Regency and the Maliana Regency. A motorcycle was also burned in Rutan Maliana in the Maliana Regency on Monday (4 September).

According to Governor Soares, the motive for the torching of the churches started when a Catholic couple who wanted to get married decided to change their religion and wanted their marriage to be consummated at the Hosannah Church instead of the Holy Church of God. However, the torching of the market was sparked by a group of youths who were agitated by the abusive language used on consumers by the market vendors.

Quoting the governor's instructions, Expedito said: "The governor has instructed the Viguegue village chieftain to find out more about other motives, if there were any, that may have sparked the incidents. Abilio called for his officials to arrest and impose judgment on those responsible in accordance with the existing law."

Expedito went on to say that a meeting was held yesterday among the three officials who represented the respective religions, namely, the East Timor governor, Colonel Mahidin Simbolon, the 164/WD Regional Commander, and Dili's Bishop Mgr [Monsignor] Carlos Filipe Ximenes Belo. During the meeting, Bishop Belo spoke briefly on the destruction and torching of the four places of worship. He also stated that the leader of the Holy Church of God had visited him to hand over his report on the incident.

Expedito said: "Speaking to the leader of the Holy Church of God, Bishop Belo said that he would be calling the pastor in Uatulari District in an effort to persuade him to obtain more information on the incidents." [passage omitted on person degrading religion in Rutan District].

Suharto Says Opposition Parties Not Needed

BK0809095695 Jakarta REPUBLIKA in Indonesian 8 Sep 95 p 1

[FBIS Translated Excerpt] Jakarta — President Suharto says there is no need for the government to accept a proposal made by a group of social scientists for the establishment of opposition parties because the idea runs counter to the Pancasila ideology and the 1945 Constitution.

"The idea of establishing opposition political parties is foreign to us," said Ginanjar Kartasasmita, state minister for national development planning and chairman of the National Development Planning Agency, quoting the president, who said this when he received a courtesy call from officials of the Indonesian Engineers Association at the Bina Graha presidential office yesterday.

The head of state said the country's administration is based on a spirit of family togetherness, consultation, consensus, and does not recognize the concept of opposition. Therefore, the president called on us to return to our own true character. The president said our country's philosophy recognizes differences of opinion. All proposals and feedbacks are accepted and given due attention.

In our state system, people have sovereignty, which is channeled through the MPR [People's Consultative Assembly]. The president is appointed as the MPR mandate holder. The president is answerable to the MPR

on the implementation of the Broad Outline of State Policy, which reflects the people's wish as manifested in the Five-Year Development Plans. "Therefore, it really represents the people's wish," said Ginanjar.

The president strongly promotes openness. "But he also reminded us that eventually, he is the one that is held accountable as a president and MPR mandate holder," Ginanjar said. It is therefore normal that not all proposals and views can be accepted because the president has his own considerations.

Ginanjar also quoted the president as saying that many social scientists are using foreign criterion in assessing Indonesia's economy and development.

"It seems that whatever we have done is wrong because they use the criterion applicable to other countries," the president said, adding that the so-called social scientists or observers should carefully read the Broad Outline of State Policy or the Five-Year Development Plan. Some of them said Indonesia has neither a development concept nor a development plan. The truth is that our development is well planned, even for the coming 25 years. "Those people should read carefully before making any comments. As such, our discussions can be based on the same reference," said the president, as quoted by Ginanjar.

Ministers Agree

BK0709144295 Jakarta SUARA PEMBARUAN in Indonesian 6 Sep 95 p 1

[FBIS Translated Text] Jakarta, 6 Sep—Home Minister Yogie S.M. and Transmigration Minister Ir [Engineer] Siswono Yudohusodo believe that there should be no opposition parties in Indonesia because opposition parties are not a part of the Indonesian political culture. The existing parties have been able to satisfy the people's aspirations.

The two ministers said this in response to reporters' questions regarding Dr. Nurcholish Majid's [Muslim social critic] opinion concerning the necessity to have an opposition party in Indonesia, regarding increasing awareness on democracy. The two ministers presented their opinions prior to attending the limited cabinet plenary session on economics, finance, and trade at Bina Graha Palace, Jakarta, on Wednesday [6 September] morning.

The home minister believes that it is insignificant to have an opposition party because the existing parties are already accountable. If the strength of a sociopolitical organization needs to be improved, then Golkar [Functional Party], being one of them, has already undertaken such action. There is no need, as such, for an

opposition because the existing parties are already adequate.

He added that such opposition parties would only be considered duplicates if they were to exist. In response to a question, he said that no opposition exists in Indonesian culture. After the New Order, the country's political existence improved compared to its previous position.

When asked about the possibility of having an opposition party, given the fact that two parties are not represented in the government, Yogie said: "That depends on the authorities."

Siswono

Speaking on a separate occasion, Transmigration Minister Siswono said that he was still ill-informed about Nurcholish Majid's proposal on the need to have an opposition. He said, however, he found after reading the newspapers that his opinion was comparable to that of Ismail Metareum's, general chairman of the PPP [United Development Party]. The latter stated that political parties and the Golkar were considered joint partners in the government in carrying out developments. It was viewed, therefore, as improper to have an opposition because a party should refrain from becoming the opposition if improvements have been made.

When a situation becomes unfavorable, then the sociopolitical organizations are obligated to assist the government in improving the situation. They should not go against the government because it would mean that they were antagonizing the government if they did. This would be tantamount to challenging the government's policies.

Siswono added that no opposition exists in the country's political culture. He said: "I believe that we have had no opposition parties all this time." He said all parties are obligated as part of their duties to correct the government and should not antagonize it.

Aksi 'News Service' Claims Detention of Activists

BK0709125295 (Internet) INDONESIA Listserv in English 6 Sep 95

[6 September report in the Aksi News Service]

[FBIS Transcribed Text] On September 6, 1,000 workers and labour activists resumed a demonstration at the buildings of the National Parliament (DPR-RI), demanding an improvement in conditions and a resolution to industrial disputes.

On arriving at the grounds in front of the Parliament, workers and activists involved in the demonstration

were blocked by troops from army units. Only a small number of police were involved.

At exactly 1053 am, troops charged forward beating, kicking, and arresting activists. A number of those carrying out the beatings could be identified by activists as being from the West Jakarta District Military Command (Kodim) who are frequently involved in industrial issues.

In total seven activists were arrested. It is not known where they are being held. However, there is a good possibility it is at the West Jakarta District or local police offices. It should be noted that although the military often carry out arrests and beatings, they do not detain people at their own offices in order that they do not become the target of criticism.

List of activists arrested:

Nadaru, Department of Education, SMID [Student Solidarity for Indonesian Democracy] Jakarta Branch; Suroso SMID Jakarta Branch; Buyung, Secretary, SMID Jakarta Branch; Ardi, SMID Jakarta Branch; Henky, SMID Jakarta Branch; Budiman PRD [People's Democratic Union] Provisional Presidium; Bowo, PRD Provisional Presidium; Lukman, National Director, PPBI [Indonesian Center for Labor Struggle]

Vice President Receives Australian Visitor

BK0809100595 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 8 Sep 95

[FBIS Translated Text] Vice President Try Sutrisno says the Armed Forces of the Republic of Indonesia [ABRI] will continue to carry out their dual functions. According to the vice president, the system under which the ABRI serves as a defense and security force and a sociopolitical force is perhaps the most unique in the world. This was stated by the vice president during a courtesy call by Christian Beazley, Australian deputy minister and minister of finance, at the Merdeka Selatan Palace this morning.

Sumadi, spokesman for the Vice President's Office, who was present during the courtesy call, said Vice President Try Sutrisno also briefed his guest on the ABRI's outstanding social functions.

[Begin Sumadi recording, in progress] The vice president said the ABRI is not only involved politically but also socially in the national life. For example, the ABRI has undertaken village programs. The ABRI does not intend to rule villages through the programs. Instead, the ABRI has mobilized and taught villagers how to build, for example, roads, irrigation networks, and houses. [end recording]

According to correspondent Hardiyanto, Vice President Try Sutrisno is now meeting Muslim scholars from East Java Province at the palace.

Philippines

Ramos Reiterates Intent To Step Down After Term

BK0809052795 *Quezon City Radio Filipinas*
in English 0230 GMT 9 Sep 95

[Interview with President Fidel Ramos by unidentified TV show hosts during Third Anniversary celebration of TV program 'Hey, Wake Up'; place and date not given — recorded; italicized passages in Tagalog]

[FBIS Transcribed Excerpt] [passage omitted on local concerns] [Unidentified TV host] *Many are asking whether or not you are running in 1998, because you see, people have been asking on the radio, on TV, and we have been repeating this over and over: 'The president said he is not running.' They do not want to believe us. Your response, sir?*

[Ramos] *I will be jogging but I will not be running. [laughter] As a matter of fact, in all seriousness, I made a very formal, serious long-range statement yesterday, attacking...[changes thought] repeatedly, I shall not run beyond my term, which ends on 30 June 1998, but I am determined to put our country, with the support of our people, people like you, on the irreversible track of progress, peace and sustainable development, which would alleviate poverty on our country. [passage omitted on rice shortage crisis]*

[TV host] *Are you in favor of changing the form of government to a parliamentary system?*

[Ramos] *I believe that I have already explained that I am more interested, and this should be our priority, that bills should be passed on long range policies, so that we can be more productive, right? Like the irrigation, the high productivity [word indistinct], we have some laws that are still in the mill, not yet finished. This is important for us. For me, we should put that in place within the next 12-34 months. Otherwise our Asian partners, partners in the Asia-Pacific and other neighboring countries will again leave us behind, because their progress is very quick. I believe we can match their progress and we must act now, we must put the policies now in place.*

[TV host] *All right. Now, with the parliament sir, we are not changing into a parliamentary form of government?*

[Ramos] *I said, I agree with the two senate resolutions, which they passed three days ago and in my statement yesterday, and I will repeat it here in your program 'Hey, Wake Up' on your third anniversary, long live your program!* [applause] The House of Representatives

[word indistinct] likewise, because no shift will happen really if either chamber does not want it to happen. It is not just the convening of the Constituent Assembly or a new con-con [constitutional convention], it has also to deal with appropriation of money to make it run. There is no money coming for that purpose. That will not happen even if they have all of the laws and the resolutions.

[TV host] Thank you very much, Mr. President. All right, *that was our interview with President Ramos.*

Bilateral Talks With Jakarta Begin

BK0809110695 *Manila BUSINESS WORLD*
in English 7 Sep 95 p 2

[Report by Paul N. Villegas]

[FBIS Transcribed Text] The Philippine Government wants to address Manila's growing trade deficit with Jakarta and would like to see more Indonesian investments infused into the country, especially in the Mindanao area, a high-ranking foreign affairs official said.

Manila and Jakarta kicked off their first Joint Commission for Bilateral Cooperation (JCBC) meeting yesterday at the Manila Hotel to address a number of bilateral and multilateral concerns that would further strengthen economic ties between them.

Although the overall trade between the two countries has increased over the past few years, the Department of Foreign Affairs is concerned on the huge trade imbalance between them.

"We hope to correct this trade imbalance by increasing our exports to Indonesia as well as attract more Indonesian investments in light of the positive investment climate in the country," the official said.

Total trade between the two amounted to \$437.78 million last year. Of this amount, Philippine exports to Indonesia reached \$72.33 million while imports were valued at \$365.45 million, leaving a negative trade balance of \$293.12 million in Jakarta's favor. Exports to Indonesia registered an average growth rate of 4.38 percent from 1990 to 1994 while imports recorded an average growth rate of 19.11 percent.

The country's principal exports to Indonesia last year comprised of coconut oil, which captured some 18.92 percent share of Manila's total exports to Jakarta, phosphoric acid, automotive parts and components, and ammonium nitrate.

On the other hand, Indonesia's major exports to the Philippines include copper concentrates, which enjoys a hefty share of some 33.86 percent of Jakarta's overall

imports to the country last year, petroleum oils, urea and anhydrous ammonia.

On the investment side, total investments from Indonesia last year amounted to only \$175,000, most of which went to the manufacturing and service sectors. The figure represents 0.01 percent of the overall foreign investments in the country last year.

"The figures speak for themselves. There's a lot that needs to be done, especially now that the East ASEAN (Association of Southeast Asian Nations) Growth Area framework is already in place," the aforementioned official said. Both Mindanao and Indonesia's Manado belong to the EAGA [East ASEAN Growth Area] polygon, along with Malaysia's Sarawak and East Kalimantan and Brunei. The growth area is envisioned to increase trade and investments among the member provinces.

Senior foreign affairs officials from Manila and Jakarta led by Philippine Foreign Affairs Undersecretary Rodolfo Severino and his Indonesian counterpart Izhar Ibrahim started their first round of talks yesterday and were expected to address economic matters, apart from political issues, during the JCBC meet.

The issues they were expected to have discussed include agriculture, forestry communications, science and technology, education and culture, and the EAGA, among others.

Editorial Denounces U.S. Pressure on Open Skies

*BK0709125995 Manila THE MANILA CHRONICLE
in English 6 Sep 95 p 4*

[Editorial: "Open Skies Will Do Us In"]

[FBIS Transcribed Text] The Philippine and United States Governments are meeting from September 12 to 15 this year to finally determine the extent to which the United States will control air transport routes in our country. The situation is alarming, to say the least, as the United States threatens to own a better part of the Philippine sky while protecting its own from our aircraft with an air transport agreement more lopsided than ever before. Should this come to pass, the ongoing rape of the Philippine economy by the United States will worsen, and whatever dream the country has of genuine economic progress will vanish into thin air.

Who owns the sky? Who should own it?

The United States is saying it should. It is giving the Philippines two options: either adopt an "open skies" policy that allows all U.S. airlines to operate to, from, and beyond the Philippine horizon with unrestricted and unlimited air traffic rights and no obligation on the part

of the United States to reciprocate; or postpone the implementation of open skies for only four years.

The implementation of open skies, fleshed out in detail in the 1982 Air Transport Agreement (ATA) between the United States and Philippines, has been postponed and has been the subject of renegotiation between the Philippines and United States in the past 13 years. But U.S. pressure is attempting to ensure that the essence of this agreement become a stark reality.

What possibilities do the options offer us? None. If we opt for postponement, the United States will impose the following conditions: increase in the number of official U.S. cargo air carriers to the Philippines from one to four, allowing U.S. cargo airlines to operate like Philippine flag carriers by maintaining independent bases of operations in the country; allowing one more U.S. passenger airline and additional passenger service rights for all U.S. airlines in the Philippines; and, the granting of ground handling and other rights favorable to U.S. airlines.

In short, the United States wants us to choose between the devil and the deep blue sea. It does not care which mode of economic suicide we take, so long as we do it.

Agreeing to either option offered us will destroy whatever chance our fledgling aircraft have of effectively competing with the gargantuan U.S. air fleet. Competition now will be devastating; postponing this for only four years is meaningless. Either option will also further open up the Philippines to U.S. economic penetration from beyond Manila to virtually all Philippine air transport centers.

In the meantime, Big White Brother America has been employing the most intimidating forms of persuasion in its arsenal to make the Philippines bow down to its wishes. Examples: unilateral calls for all travelers from America to boycott Manila because of "inadequate safety and security measures;" unilateral classification of the Ninoy Aquino airport as "hazardous;" unilateral barring of our air carriers from expanding operations in the United States; and, threatening to totally bar all our air carriers from entering the United States.

Why open skies? Simple: the United States wants in on the booming Asia-Pacific market, which has been growing in leaps and bounds, to make up for its own shrinking domestic market.

In such a situation, the Philippine Government's task is clear: either seek a fair and more equitable air transport agreement or abrogate the 1982 agreement and hang the consequences. The Philippines is not alone in its plight as other Asia-Pacific countries such as Indonesia, Malaysia, Hong Kong, Taiwan, South

Korea, New Zealand, and Papua New Guinea, are themselves resisting U.S. pressures to implement open skies worldwide.

But should the Philippine Government find it lacks the balls to do what it should, then it risks facing much more public indignation than it can hope to handle.

Thailand

Defense Minister Urges Common Stance on Burma

BK0809110495 Bangkok THE NATION in English
8 Sep 95 p A5

[FBIS Transcribed Text] The Government should coordinate with all relevant agencies to work out a common stance on their approach to Burma, Defense Minister Gen Chawalit Yongchaiyut said yesterday.

Chawalit, who paid a two-day visit to Burma last week in an attempt to improve strained Thai-Burmese relations, also urged the agencies to help resolve the conflicts which have prompted the Burmese junta to take several retaliatory measures against Thailand.

The minister told the House committee on foreign affairs yesterday that the Burmese junta, known as the State Law and Order Restoration Council (Slorc), was not happy with many bilateral issues, including border trade, encroachment on the Moei River by some Thai businessmen, Thai fishing in Burmese waters and the policy towards Burmese ethnic groups, especially opium warlord Khun Sa's Mong Tai Army (MTA).

He said Slorc was "suspicious" of the Thai stance towards border-based armed ethnic groups which have been fighting Rangoon for greater autonomy. Slorc suspects Thailand of abetting the MTA.

Suwat Liptaphanlop, chairman of the House committee, told reporters after the hearing that Chawalit had proposed a united approach to handle Burmese affairs.

The former Army chief told committee members that the Foreign Ministry was responsible for such affairs and thus should act as the core party in the approach. He said he had already consulted the ministry.

He said his trip to Burma was not independently decided by himself or by the Defense Ministry, but he had closely discussed the matter with the Foreign Ministry before he left. He said that he had to clarify his trip, otherwise the committee might think the government was not united and each ministry was working independently.

Chawalit, also deputy prime minister, said he had already called a meeting involving all the agencies concerned to reorganize Thai economic activities in

Burma, which included border trade and the fishery industry.

He said he had urged the Commerce Ministry to speed up the signing of a Thai-Burmese border trade agreement so problems relating to border crossings between the two countries would disappear.

The Fishery Department was urged to reorganize its fishing activities in Burma and concerned agencies should remove all the structures on the Moei River set up on reclaimed land.

The armed forces and the Defense Ministry were told to coordinate among themselves and reorganize their methodology in resolving border problems.

Suwat said he was confident Chawalit's brief visit would help improve bilateral Thai-Burmese relations, but Burma would certainly take more time before reopening border crossings and allowing Thai fishermen back into Burmese waters.

Prime Minister Banhan Sinlapa-acha's planned visit to Burma could also help resolve present conflicts and improve the overall situation, Suwat said.

Foreign Minister M.R. Kasemsamoson Kasemsi yesterday tried to play down criticism that Chawalit's trip was not fruitful by saying that the restoration of bilateral ties needed more time and would be a gradual process.

Students Plan Protest During Khin Nyunt Visit

BK0809125095 Bangkok THAILAND TIMES
in English 8 Sep 95 p A3

[FBIS Transcribed Text] Bangkok — Burmese students are preparing to call on the Burmese government to release political prisoners during Burmese Military Intelligence Chief Lt-Gen [Lieutenant General] Khin Nyunt's visit to Thailand, scheduled for mid-September.

The Burmese student groups' secretary-general, John Aung, said the group will hold a discussion at Thammasat University on September 17 to prepare a petition to release some prisoners, including a student leader.

He said the joint meeting of the Burmese student groups to be held this month will work toward the submission of a proposal regarding the release of some political prisoners in Burma.

The proposal will be submitted to Gen Khin Nyunt, the secretary-general of the State Law and Order Restoration Council (SLORC), who will be visiting Thailand officially this month.

The source said the Burmese student group will hold a protest Monday in front of the Burmese Embassy in

Bangkok on the occasion of the seventh anniversary since the SLORC (Burmese government) seized power from prodemocracy leader Aung San Suu Kyi.

The group also plans to hold an exhibition on the fight for democracy in Burma at Thammasat.

Phalang Tham MP and chairman of House subcommittee on human rights, Suthin Nopphaket, said negotiations between the Burmese Government and other democratic organizations should be initiated immediately to ease the tense situation.

He said the constructive engagement policy which Thailand has adopted in strengthening relations with Burma should be reviewed in the forum to discuss the ASEAN countries' foreign policy toward the Burmese government.

A seminar on reform guidelines for Burma's democracy was held in South Korea on September 3-4 to push for political reforms in Burma after Suu Kyi was released by the Burmese government.

Meanwhile, the Defense Ministry has urged the Commerce Ministry to hasten completion of the planned border trade agreement between Thailand and Burma in a bid to defuse border conflicts, House Committee on Foreign Affairs chairman Suwat Lipataphanlop said yesterday.

The agreement should be finalized in time for the visit of Khin Nyunt, who will represent Burma in the signing of the pact.

Suwat, who is the Chat Phatthana secretary-general, said the border situation is expected to improve after Khin Nyunt's visit to Thailand.

Defense Minister Chawalit Yongchaiyut said his decision to visit Burma, amid a tense situation brought about by border problems, was meant to improve bilateral relations between the two countries.

After giving explanations before the House Committee on Foreign Affairs, Gen Chawalit spoke to reporters about his recent visit to Burma.

Chawalit said Thailand has been affected by the Burmese government's suppression of minority groups along the border zones.

Official Views U.S., EU Dumping Concerns

*BK0809064995 Bangkok BANGKOK POST
in English 8 Sep 95 p 15*

[FBIS Transcribed Text] The United States and the European Union [EU] are likely to cut down on investigations into alleged subsidies of Thai exports but anti-dumping measures remain a concern according to

Sathaphon Kawitanon, secretary-general of the Board of Investment [BoI].

Thailand's trading partners have been amending their legislation to bring it into line with global agreements on subsidies and counter-measures that took effect in January. Thailand will likely benefit from this development said Mr Sathaphon.

Anti-dumping taxation is a prime concern now for Thai exporters since these penalties can be very high if it is proved that Thai products are being dumped on a market at artificially low prices hurting local industries.

As well, certain countries charge much lower rates on companies in which their natives have shares.

Currently 21 Thai exports are alleged to have been dumped on U.S. and EU markets and are subject to anti-dumping duties. They include canned pineapple, iron pipes, glass sheets, bicycles, ball bearings, men's shoes, and gypsum boards.

Of this total, nine items including oil filters, plastic sacks, shoes magnetic recorders, and bedspreads are being investigated.

Discussing the Generalised System of Preferences, Mr Sathaphon noted that 20 percent of all Thailand's exports last year enjoyed tariff reductions under this programme from the EU, the U.S. and Japan.

The US recently announced it would return GSP rights to 15 more Thai products — 11 of which were added to the list on July 31. Among them are dried peanuts tapioca flour, ground rice, ornaments made of silver as well as those made of plain metals but decorated with precious metal, wooden sofa beds, wooden seats, and wooden furniture used in offices kitchens and bedrooms.

However GSP rights are being tapped less and less in line with a policy to reduce the overall share of GSP-privileged exports, said Mr Sathaphon. Most countries are now adopting stricter controls on granting GSP rights.

Bankers Assure Banhan Inflation Fears Exaggerated

*BK0809063295 Bangkok BANGKOK POST
in English 8 Sep 95 p 15*

[FBIS Transcribed Text] Thailand's high inflation is not as serious as feared because it is largely fuelled by high food prices which are only seasonal, top bankers said yesterday.

Representing 15 Thai commercial banks, they said they had told Prime Minister Banhan Sinlapa-acha, who

invited them for a breakfast at Ban Phitsanulok, that the inflation problem had been blown out of proportion.

Som Chatusiphithak, chairman of the Thai Bankers' Association [TBA] and president of Siam City Bank, said high inflation was caused by two factors: money supply and goods prices.

On the money supply side, he said there was nothing to be worried about because the Finance Ministry, Bank of Thailand, TBA and foreign banks had cooperated to control it and now money supply is at an appropriate level.

Therefore, current inflation is pressured merely by goods prices. The Government, with cooperation from the Finance, Commerce, Industry, and Agriculture and Cooperatives ministries will take measures to bring goods prices down.

Siam Commercial Bank president Olan Chaiprawat said the non-food price index for this year was only 4 percent, much below the target of 5 percent set by the Bank of Thailand.

Statistics for Thailand show for the past 20-30 years that food prices would seasonally decline during the last quarter of the year. Therefore, Mr Olan and other bankers do not think inflation is as serious as feared. "If the non-food price index is higher than the target, the problem is really serious."

Mr Olan said Mr Banhan had expressed concern on the commercial banks' credit extension, which was as high as 29 percent in the first half of the year, against the 24 percent target set by the central bank.

Mr Olan said combined credit extension by all Thai commercial banks grew by only 23 percent as of the end of August, and it is below the 24 percent target for the whole year. But overall growth percentage was high because foreign banks have become aggressive — their combined credit extension rose by as high as 80-90 percent.

But some points must be considered, he said. For example, two Japanese banks reported they had extended 30 billion baht of credit each last month.

"It is impossible. Even Bangkok Bank, the largest bank in Thailand with more than 12,000 employees and a nationwide network, could lend only about six billion baht a month," he said.

There are about 200 big corporates in Thailand. If the two Japanese banks have extended 30 billion baht each as reported, 60,000 million baht would have been extended to some of these big corporates or to some major investment projects.

"If the big corporates obtained the loans from the Japanese banks, they would have to refinance their loans borrowed from us, or to invest in major projects. But neither were reported last month," Mr Olan said.

This means the two banks have done a "re-booking" of accounts of loans extended previously from other countries to Thailand. The rebooking is aimed at making their performances impressive so they could boost their positions in seeking full branch licences from the Finance Ministry.

Mr Som said all foreign banks with Bangkok International Banking Facilities [BIBF] licences wanted to upgrade their BIBF offices here to full branches so they become aggressive in lendings to make their performances impressive.

But as their dramatically increasing lending activities had affected the country's economy, the Bank of Thailand is expected to hold talks with them soon to ask them to slow out-in transactions (borrowing from outside the country for re-lending here).

House Committee Rejects Military Commission Idea

*BK0809054895 Bangkok BANGKOK POST
in English 8 Sep 95 p 6*

[FBIS Transcribed Text] The House Military Affairs Committee has rejected the idea of setting up a military commission as proposed by an academic.

Committee spokesman Suphat Thammaphet, a Democrat MP from Phatthalung, told reporters after the weekly meeting on Wednesday that the committee had disagreed with the idea of such a monitoring body.

They also questioned the necessity for such an organization, he said.

Mr Suphat said the House military committee is already responsible for the matter. Therefore, the presence of a new but similar body would mean that its scope would overlap with that of the existing committee.

Earlier, academic Amon Raksasat had proposed the appointment of a military commissioner to oversee the affairs of the Armed Forces and help ensure they follow the right path.

Mr Suphat said the committee believes that the major reason for the recommendation was primarily to prevent a coup d'etat from happening, but added it would not work as a safeguard because it does not tackle the real problem.

He said the answer to this concern lies not in the existence of a body to monitor the military but in

the power of the people themselves. The people have to become aware of their role and responsibility in preventing or averting any unconstitutional changes.

"The people need to become aware of their potential to control political parties," he said. And that is the most important point of change that needs to be addressed through some sort of political reform."

Mr Suphat said the committee wants to learn more about the proposal in terms of its rationale, scope of responsibility and screening method for panel members.

He said that Dr Amon had already been invited to present and discuss the idea with committee members at next week's meeting.

Asked to comment on the annual military reshuffle, the Phatthalung MP said the committee did not discuss the matter since the list has not been released yet.

He said Defence Minister Chawalit Yongchaiyut has the right to look into the military reshuffle, but cautioned that the Defence Ministry is an agency unlike any other because its affairs are under the jurisdiction of military personnel.

"The minister therefore also has to take the military's decisions into account when it comes to its own affairs," he said.

Mr Suphat added, however, that the defence minister should also be able to have a say and consult with the military whenever major decisions need to be taken, especially those which contradict public sentiment.

Government To Honor Private Sector Contracts

*BK0809070495 Bangkok BANGKOK POST
in English 8 Sep 95 p 16*

[FBIS Transcribed Text] The Government will make a strong commitment to contracts signed with the private sector to develop infrastructural projects.

In a conversation yesterday between Prime Minister Banhan Sinlapa-acha and representatives from the Thai commercial banks, Mr Banhan said the Government must boost investor confidence so investors would take on these types of projects.

Thailand no longer has to rely heavily on foreign firms to develop major infrastructure projects because private Thai firms are now financially sound and have the ability to run mega-projects, he said.

However, the Government must have a firm policy and must commit itself to contracts signed with private develop Mr Banhan said he asked commercial banks to help the government promote these projects by reducing

the interest rates on loans for the developers as well as for other business ventures.

He said the bankers told him that interest rates vary depending on the situation, but the bankers did promise to support loans that would benefit the Thai economy.

"I have to ask for cooperation from commercial banks because their activities are very important to the country's economy," Mr Banhan said.

Meanwhile, the Thai Bankers' Association has proposed that the Government set up an arbitration mechanism to solve disputes between the Government and the private sector.

The arbitration committee could rule on disagreements such as the one over the Don Muang Tollway project, the association said.

The president of Siam Commercial Bank, Olan Chaiprawat, said the proposal was made by the president of the Krung Thai Bank, Sirin Nimmanhemin, and was widely supported by other bankers.

Under the proposal, the arbitration committee must be made up of 10 persons or fewer with the committee chief being one of the deputy premiers.

Aside from ruling on disputes, such a committee could also monitor the progress of major projects.

Mr Olan said the disagreements between the Government and the developers in the past had shaken investors' confidence, particularly that of foreign investors.

If the Government sets up a mechanism to settle disagreements before they go too far, then confidence will be restored, he said.

Biographic Profile of Newin Chitchop

*95SE0178A Bangkok THAN SETTHAKIT in Thai
26-28 Jul 95 p 2*

[FBIS Translated Excerpt] The reputation of Newin Chitchop has been like a skyrocket shooting up to the sky with the thunder of gunpowder. This has been very inspiring and eye-catching.

When he was young, he studied education at the Buriram Teachers' College, received a high-level degree in education or, as it is called, the high-level P.K.S., and then became a local politician as a member of the provincial assembly (S.Ch.) in 1986. When he first reached the national level, the average person whether in Buriram Province or elsewhere generally knew him by the name, Newin son of Kamnan Chai, because

his father was Chai Chitchop, a well-known person in Buriram Province.

Chai Chitchop was a seasoned politician. He was an MP first in 1969 during the term of Field Marshall Thanom Kittikhachon when Thanom allowed political freedom for a short period before he seized power and returned again to a dictatorship. Chai Chitchop continued to be an MP for many terms until he could almost have been called the permanent MP from Buriram Province.

Although Chai Chitchop was the MP from Buriram, he was actually born in Phiarom Subdistrict in the municipal district of Surin Province, and he went to school in that province. Then he moved to village four next to the Buriram to Phrakhon Chai highway in Isan Subdistrict of the municipal district of Buriram. His primary job was running a milling factory called "Silachai." Later Newin was assigned to run it after his father.

Chai Chitchop was very well known. In addition to politicians, officials of the central government and local officials, he also associated in particular with many in uniform, such as Gen. Chawalit Yongchaiyut. He had known General Chawalit well since he was a major. When the New Aspiration Party joined the first Chuan [Prime Minister Chuan Likphai] government and the Thai Nation Party joined the opposition parties in the debate over the motion of no confidence in many ministers including Gen Chawalit Yongchaiyut who was Minister of Interior, Newin Chitchop mobilized those close to him to attack General Chawalit, who blurted out, "he is not like his father at all."

Later when an unknown assailant threw a bomb at Newin's house, which made him the subject of sensational news stories, Chai Chitchop insisted that it was definitely not the work of General Chawalit. This succeeded in bringing the two sides back to the old closeness they had had for so long.

Chai Chitchop had previously been very determined that Newin further his education and therefore had sent Newin to study at the Suan Kulap School in Bangkok. But when he graduated from Suan Kulap, instead of entering a famous University or studying abroad after the fashion of many rich people, he studied to be a teacher at the Buriram Teacher's College, which provided him with a certain capability, namely, public speaking. When he entered politics, this capability helped him become the "star of the assembly" as the one with the most poise in debate.

When Newin was determined to do this, Chai Chitchop did everything he could to help Newin become known.

There was probably no better way than to make him his political heir as Newin, son of Kamnan Chai.

Newin was not just a son who did better than his father in fulfilling political hopes by being an MP from Buriram for four consecutive terms, his reputation spread until he became Newin Chitchop standing on his own. Furthermore, now when someone mentions Chai Chitchop, they might call him "Chai, the father of Newin Chitchop."

Newin became famous because of the image of the group of 16, who tried to claim that they were a new generation of politicians affiliated with many parties. But it was no secret that this group of politicians helped those in their group.

Their image was both good and bad. There were those who clearly loved them and those that hated them. For example, when they took up the case of the stock churning and developed it, there was a group which was happy while most were very unhappy because this matter with stocks involved the profits from gains and losses, and they had an interest in this as investors. In the case of S.P.K. 4-01 it was the same - they dug it up to attack the Democrat Party. There were those who agreed with this and those who did not. But it was clear that The Democrat Party had done something wrong which people did not agree with.

But it would appear that all this could be summarized as their building an image for themselves.

I think it was because of the image building that many people could not stand Newin. As a result he was generally in the position of being a target of political enemies, and their attacks were no less severe than those he made on others.

You can still probably remember that when he and many members of opposition parties were attacking the Democrat Party over S.P.K. 4-01, there was the widely talked about incident involving the bidding over the construction of the Khwae Rabomsiyat Dam. The person who won the bidding was his father-in-law. In addition during the election campaign a special police unit led by Police Maj. Gen. Seri Tamiawet seized 11 million baht in cash from the house of a political canvasser in Buriram Province. You can probably guess what that meant.

If you said that this was nitpicking, I would have to agree because neither the incident of the bid on the dam construction which was won because of influence, nor the discovery of 11 million baht in small bills during an election were things which only Newin did.

Newin's problem is that he likes to present the image that all the others are bad while he is the only good one. Someone who is apt to "find fault" will want to rip off the masks of person after person. If he were really pure, when he attacked someone, no one would be able to counterattack. [passage omitted]

Vietnam

First Session of Malaysia Joint Commission Held

BK0809113895 Hanoi VNA in English
0653 GMT 8 Sep 95

[FBIS Transcribed Text] Hanoi VNA Sept. 8 — The first session of the Vietnam-Malaysia joint commission on economic, scientific and technological cooperation was held in Kuala Lumpur from Sept. 5-7 under the co-chairmanship of Foreign Minister [FM] Nguyen Manh Cam and his Malaysian Counterpart, Mr. Abdullah Ahmad Badawi.

Earlier, the two foreign ministers signed a MOU [memorandum of understanding] on the official establishment of the joint commission.

At the session, the two sides reviewed the development of their friendly relations and multi-faceted cooperation over the past period and exchanged views on orientation and concrete measures with a view to strengthen Vietnam-Malaysia ties. Areas such as commerce, investment, oil and gas, science and technology, agriculture, transport and communications, culture, tourism, posts and telecommunication were given top priority in bilateral cooperation.

They expressed their satisfaction at the fine development of relations between the two countries, especially after the recent exchange of visits by top leaders of Vietnam and Malaysia and noted that the committee would make a contribution to the development of their cooperative relations.

On this occasion, FM Cam and FM Badawi signed an agreement on double taxation avoidance between the two countries, and agreed that the next session of the commission will be held in Hanoi.

Radio Hails Trade Relations With Australia

BK0809052895 Hanoi Voice of Vietnam in English
1000 GMT 7 Sep 95

[Station commentary]

[FBIS Transcribed Text] The Vietnamese-Australian Joint Trade and Economic Cooperation Committee has held its fourth meeting in Hanoi. Here is our editor's opinion:

The fourth session of the joint Vietnam-Australia Committee was attended by the Australian trade minister and president of the committee, Senator Bob McMullan, and representatives of the companies working in energy, production, mining, communications and computer science, and construction and food processing. On the Vietnamese side, there were the prominent vice minister of trade, Ta Ca, and members of the Vietnamese-Australian Joint Trade and Economic Cooperation Committee.

The meeting was to consider the development in bilateral trade relations. It discussed measures to create a necessary legal framework to overcome obstacles in the process of developing bilateral trade and investment relations. Vietnam proposed that the Australian Government pays more attention to trade cooperation, and investment and considers the signing of the bilateral tourism cooperation agreement. These are necessary activities for Vietnam-Australia relations to continue to develop.

Vietnam is particularly concerned with the outcome of the meeting. Prime Minister Vo Van Kiet warmly welcomed the visit by Minister Bob McMullan and the result of the meeting. He said that the joint committee was held in a friendly and cooperative spirit and believed that with the result of the meeting, existing bilateral relations would further develop as more Australian investors coming to Vietnam.

Australia is [words indistinct]. Australian Ambassador Ms. Susan Boyd said that Australia hopes to be a larger investor in Vietnam. Minister Bob McMullan affirmed Australia's external policies to develop long-term cooperation with countries in Asia and the Pacific. In addition to trade and investment, Australia wants to broaden its relations with Vietnam in other areas. It is believed that with the success of the joint committee, friendly and cooperative relations between Vietnam and Australia will be further developed as the governments and peoples of the two countries wish.

Army Newspaper Condemns Defector

BK0709150495 Hanoi QUAN DOI NHAN DAN
in Vietnamese 1 Aug 95 p 4

[Article by Nguyen Viet Son: "Bui Tin's True Face and Servile Fate"]

[FBIS Translated Text] Taking advantage of a public mission trip to France several years ago, Bui Tin defected and began a series of activities against our country's renovation undertaking. He started with "A Citizen's Petition" launched by BBC Radio. Bui Tin then made appearances in various papers, attended

conferences held by exiled reactionary organizations, and wrote two books with the titles "Hoa Xuyen Tuyet" [Snow Flower] (1991) and "Mat That" [True Face] (1993). After a short and quiet break, Bui Tin reappeared in some Western papers on the occasion of the 20th anniversary of the great 30 April victory and shamelessly served as a vanguard soldier on the ideological front for the hostile forces against our people. Bui Tin has displayed his own appalling true face and his degraded servile status by his own deeds over the past several years.

We all know that the international communist movement's serious crisis began in the mid-1980's. Socialism collapsed in East European countries not long after that; the Soviet Union, the fortress of the world revolutionary movement, followed suit. We suffered economic crisis and stagnant production at home, coupled with the complete severance of all sources of aid. Many complicated social issues emerged, and the people's confidence was vigorously shaken by immeasurable difficulties. Bui Tin sneaked away at that very moment, the moment that the hostile forces had been joyfully waiting for in the hopes of witnessing the death of Vietnam's revolution. Fleeing from the ship he believed was going to sink, Bui Tin nurtured the hope to come back in a new ship in the "first class" compartment. His actions help people to resolve his "political calculations." In "A Citizen's Petition" and the interviews by the BBC that followed that petition, Bui Tin professed that he was still a communist. The objective of "the petition," according to Bui Tin, was for "the Seventh Party Congress to adopt correct and effective contents that reflect the will of the people." Despite those fine words, people with adequate knowledge of the current situation and familiarity with Bui Tin's personality observed that the petition is nothing more than a messy mixture of poisons released by enemies, who always seek revenge, with some issues that our papers had already discussed. It was Do Van, head of the Vietnamese section at BBC Radio, who put this question to Bui Tin in an interview on 17 March 1991 about his expulsion from the party: "Talking about your petition and other points that you expressed outside Vietnam, most officials inside the country hold that there is nothing new in your opinions. What are the reasons then behind your dismissal from your position and your expulsion from the party?" This is the answer of the "tea room politician" Bui Tin: "They charged that I used foreign radios. Radio stations are just material means. The main point is whom I talked for. While they accuse me, they themselves are fond of Japanese television sets and refrigerators. Some of them are keen on driving Mercedes from West Germany... They are only the means." With all the ambitions of a politician and a teacher who wanted to be the "ideological guide" of the

people and had given himself many self-professed titles, Bui Tin has gone too far to compare a radio station with household appliances like a television, refrigerator, and the like. Bui Tin deserves to have his "intelligence" recorded in the Guinness Book of Records.

After all the babbling that did not help bring him out of his cold isolation, Bui Tin started to write "political memoirs." In the books "Hoa Xuyen Tuyet" and "Mat That," Bui Tin used the most deceitful tricks to distort the truth, pump himself up to the sky, and blacken all the facts and the people he did not like. Bui Tin denounced Marxism-Leninism and rejected the role of the Communist Party of Vietnam, the only political organization that led our people to defeat many major imperialists and regain independence and freedom for our fatherland and that is now leading our people to achieve the objectives of a prosperous people, a strong country, and an equitable and advanced society.

Bui Tin not only denounced the Communist Party of Vietnam and ridiculed socialism, but he also distorted and smeared the private life of many Vietnamese veteran revolutionaries, including President Ho Chi Minh, great leader of the Vietnamese people and great friend of people in the world. Indeed, Bui Tin's writings were merely a maliciously fabricated story bearing no proper grounds worth discussion. Worthy of note: Why did "Bui Tin, the lizard," change color so quickly? After learning just recently that he had been expelled from the Communist Party of Vietnam, he asserted to the BBC that he was still a Communist and would adhere to the struggle for Communist ideals. Bui Tin held that it was "illegal" to expel him from the party! Occasionally, he vowed to "come back." Events in life, however, have their own just causes. Vietnam was not only able to overcome numerous difficulties and ordeals during the 1991-92 period but was also able to surge forward for further development thanks to the great efforts of the Vietnamese people. Our nation's renovation undertaking has scored remarkable achievements that are recognized by countries in the world. As a result, Bui Tin's dream to come back to Vietnam was shattered, and his political scheme was in despair.

More than anyone else, Bui Tin is well aware that he is now worthless in the West. A story such as "Behind the Iron Curtain of the Communist World" no longer has any interesting mystery. Those who used Bui Tin in the past no longer showed a gracious attitude toward him. Many exiled organizations abroad even criticized and denounced Bui Tin with humiliating comments. One newspaper (printed in Vietnamese) blatantly said: Betrayers like Bui Tin are untrustworthy. It was unfortunate for Bui Tin that the country he deserted did not collapse. On the contrary, it has

vigorously and consistently developed despite numerous obstacles. Bui Tin's dream to hold "the role of a genuine democratic person" was totally foiled. In order to survive and to have a place to live the rest of his life, Bui Tin has no other alternative but to expose his true color of opposing and betraying communism.

More than 700 foreign reporters and journalists visited Vietnam on the occasion of the commemoration of the 20th anniversary of the 30 April victory. All of them showed their objective attitude by correctly appraising the great victory of the Vietnamese people in reports and articles written on Vietnam. They also recognized the healthy developments and remarkable achievements accorded by the current renovation undertaking in Vietnam, an independent and unified nation. On the contrary, Bui Tin launched himself deeper along the path of sin through a series of his articles and interviews in which he blatantly rejected achievements recorded by our renovation undertaking and our heroic people in the struggle for national liberation, which Bui Tin himself used to describe as "the young, small David

who defeated giant Goliath." The 28 April 1995 issue of the French paper **INFORMATIN** devoted two full pages to carry four big pictures depicting U.S. troops being defeated in Vietnam, with a short interview with Bui Tin under a big headline: "I, a Colonel From North Vietnam, Liberated Saigon and Brought Misfortune to This City." This was ridiculous. It only revealed the true color of Bui Tin, because it would have been better not to liberate the city if we liberated Saigon and brought it misfortune. People could not view this as other than a shameless comment by Bui Tin.

Each nation on this planet has its own language and its unique culture and custom. Military exploits recorded in the struggle to defeat foreign aggressors, victory in regaining national independence and freedom, and success in reunifying the fatherland are the everlasting spiritual values of the Vietnamese people throughout the country. In the final analysis, when Bui Tin violated the sacred values of our nation, it left no question as to his true color, his fate, and his destiny.

Australia**Evans: Riots Due to Nuclear Test, Not Politics**

*BK0809022995 Hong Kong AFP in English
0152 GMT 8 Sep 95*

[FBIS Transcribed Text] SYDNEY, Sept 8 (AFP) — Australian Foreign Minister Gareth Evans Friday dismissed suggestions that rioting in Tahiti was triggered by pro-independence groups rather than French nuclear tests.

Evans told reporters that Paris had seriously underestimated "the extent and intensity of the feeling about this which exists right around the world, right around the region and of course right there in French Polynesia."

"The evidence we have seen is it really is overwhelmingly about the testing," he added.

The foreign minister said the Australian government was appalled by the violence around Papeete but much of the blame was due to France's disdain for opposition to the weapons program.

"It's one thing to respond to the moral and environmental outrage of nuclear testing by protests of this kind, it's another thing to do it in so destructive away that you divert attention from the basic message," he added.

In Papeete, Gaston Flosse, president of French Polynesia's national assembly, accused pro-independence groups of being responsible for the previous day's violence.

On Thursday, Evans said of the riots that France "has really reaped what it has sown" because of its decision to resume underground testing despite international opposition.

Evans Calls Papeete Riots 'Shocking, Appalling'

*BK0809070195 Melbourne Radio Australia
in English 0500 GMT 8 Sep 95*

[FBIS Transcribed Text] Australia's foreign affairs minister, Gareth Evans, has described the violence in Papeete as shocking and appalling. Senator Evans said the riot diverted attention from the basic message of opposition to the resumption of French nuclear tests.

[Begin Evans recording] It has to be said that the French have reaped the whirlwind (?they've stirred) by this particular decision. But with all that said, there is no justification for this orgy of destruction that we've seen, and under no circumstances can the Australian Government lend any condonation to it. [end recording]

Opposition Says French Presence 'Anachronistic'

*LD0809091495 Melbourne Radio Australia
in English 0800 GMT 8 Sep 95*

[FBIS Transcribed Text] Australia's opposition leader, John Howard, says the French presence in the South Pacific is no longer legitimate. In a comment which goes further than Australian Government policy, Howard said the continuing French colonial role in the Pacific is anachronistic. The Australian Government says that apart from nuclear tests it welcomes the French contribution to the Pacific economy and security. But Howard said the riots in Papeete represented a permanent watershed in relations between the local community and the French Government. Speaking on commercial radio in Melbourne, the opposition leader said that ultimately the will of the local people would decide the French role.

Qantas Freight Workers Ban Handling French Cargo

*LD0809091995 Melbourne Radio Australia
in English 0700 GMT 8 Sep 95*

[FBIS Transcribed Text] The Australian-based airline Qantas has cancelled its flight from Sydney to Tahiti scheduled for tomorrow because of the unrest in Papeete. A Qantas spokesman says the safety of passengers stranded in Papeete will be kept under review by the airline. Qantas freight workers in Sydney have joined their colleagues in Melbourne in banning the handling of French air cargo in protest against the resumption of nuclear testing in French Polynesia this week.

Meanwhile, the Foreign Affairs Department in Canberra is advising Australian citizens to avoid all nonessential travel to French Polynesia. Australians who do travel to the region are urged to register their presence with the Australian consulate general in Noumea, New Caledonia.

APEC Urged To Accelerate Trade Liberalization

*BK0709114595 Sydney THE AUSTRALIAN
FINANCIAL REVIEW in English 31 Aug 95 p 7*

[Report by Michael Dwyer]

[FBIS Transcribed Text] Asia-Pacific countries would cut in half the implementation period for Uruguay Round trade liberalisation commitments under recommendations to be put to the next meeting of APEC [Asia-Pacific Economic Cooperation] leaders in November.

In a report released yesterday, the APEC Eminent Persons Group [EPG] has called for the immediate

creation of a new dispute mediation service for the forum, an attack on abusive anti-dumping policies and greater co-operation on competition policy in the region.

The report urges APEC leaders to make a substantial "down payment" on the trade liberalisation agenda adopted in Bogor last year when they meet again in Osaka in November.

The Bogor Declaration committed APEC economies to free and open trade and investment in the region by the year 2020, with developed countries reaching the goal 10 years earlier.

APEC members would be provided with an array of options for accelerating their Uruguay Round commitments under the EPG plan, including quicker tariff cuts and faster reductions in agricultural subsidies.

The EPG report is also critical of the recent move by the United States to threaten trade sanctions against Japan unless it opened its car components market to foreign manufacturers.

"We are deeply concerned by the continued prevalence of sizable and intensive trade disputes in the region," the report said.

"Efforts by any one country to impose its will unilaterally, either by keeping its markets closed or by seeking to force open the markets of others, are increasingly anachronistic," it said.

The Australian EPG representative, Mr Neville Wran, said yesterday that APEC had established and articulated a clear vision for the economic future of the Asia-Pacific region.

"APEC must now move rapidly and effectively into its next phase: implementation of the Bogor commitment to free trade within the region," he said.

"The APEC summit in Osaka must now begin to translate promise into practicality."

The Prime Minister, Mr Keating, said yesterday the EPG report would be a "significant source of ideas" on which APEC leaders could draw at their next meeting in Osaka.

But the key EPG recommendation concerning the adoption of a Uruguay Round acceleration package could still run into difficulties in the lead-up to the APEC leaders meeting in Osaka.

The US Department of State's APEC Co-ordinator, Ms Sandra Kristoff, said earlier this month that Washington was "quite frankly and candidly" not in a position to make such an offering.

The Federal Minister for Trade, Senator McMullan, told Parliament earlier this week that Australia would have problems with any move to lower tariffs in different industry sectors at the same time.

The call by the EPG for any sub-regional trading group to extend the benefits of their liberalisation to all other APEC members on a reciprocal basis could also present problems.

Japan's Position on APEC Trade Policies Viewed

BK0709113695 Sydney THE AUSTRALIAN

FINANCIAL REVIEW in English 28 Aug 95 p 17

[Report by Geoffrey Barker]

[FBIS Transcribed Text] Australia has positioned itself as the hard man of APEC [Asia-Pacific Economic Cooperation], puritanically resisting Japanese appeals last Friday [25 August] for a sensitive interpretation of the "no exceptions" approach to the regional free trade pact agreed by APEC leaders at Bogor last year.

The Australian stance was doubtless sensible at this stage of the soundings for the November meeting of APEC leaders in Osaka where a plan will be drawn up to implement the Bogor declaration.

But there are good reasons Australia should be prepared at Osaka to concede some of the flexibility sought by Japan which, as this year's APEC chair, is responsible for shaping the plan.

First, there is force in the Japanese point that there are weaker and stronger APEC economies and the future of the group could be jeopardised if some weaker nations faced early and drastic demands for trade liberalisation in sensitive sectors of their economies. It would not be in Australia's interests for APEC fail.

Second, even powerful Japan—which accepts the "no exceptions" principle—is still suffering political fall-out from its agriculture sector over the Uruguay Round agreement. To seek more APEC concessions could be to ask Japan to bite off more than it can chew politically in its present unstable political state. Australia cannot expect Japan to do that.

In careful remarks after Friday's Canberra meeting of the Japan-Australia Ministerial Committee, the Foreign Affairs Minister, Senator Evans, said there could be some flexibility on the timing of the free trade agreement which would be the subject of "hard discussions" before Osaka.

But Senator Evans said Australia would not make concessions over the "no exceptions" principle. "Once

you accept the principle of exemptions of a whole sector ... then the whole process will fall apart" he said.

Japan's Foreign Minister, Mr Yohei Kono, diplomatically observed: I think we all have to make maximum efforts so that our views, if different, will converge".

Between now and Osaka, some convergence will be needed if the leaders are to advance the Bogor agreement for free trade and investment in APEC's industrialised economies by 2010 and by developing economies in 2020.

While preserving its negotiating position at Osaka, it is important for Australia to remain focused on the long-term importance of its relationship with Japan. Ultimately, in both bilateral and global terms, it is in Australia's long-term economic and security interests to maintain close and cordial relations with Japan. If that requires flexibility and sensitivity it is not an unreasonable price.

For 25 years Japan has been Australia's biggest trading partner. The two have a relationship of mutual economic dependence. More recently the economic relationship has expanded to political and security co-operation.

Despite profound social and cultural differences, the relationship between Japan and Australia is now arguably assuming greater long-term importance than that between the United States and Australia.

A relative decline in US strength in the post-Cold War world is increasing relative Japanese strength. Moreover, the long-term future of the Japan-US security alliance is uncertain due to bitter and unresolved trade disputes. Despite Australia's historic ties to the US, its interests may best be served by backing Japan in any major regional trade dispute with the US — especially as Australia and the US are trade competitors in Japan.

Japan is the most economically important of Australia's neighbours. It may be of no less long-term security importance. It is the most diplomatically professional. Australia stands to gain more than lose by demonstrating the sensitivity sought by Mr Kono.

Report Damages Efforts for Ties With Indonesia

*BK0709110195 Sydney THE AUSTRALIAN
FINANCIAL REVIEW in English 31 Aug 95 p 2*

[Report by Geoffrey Barker]

[FBIS Transcribed Text] The Australian Ambassador to Indonesia, Mr Allan Taylor, has confirmed allegations that Indonesian troops in Irian Jaya massacred 11 unarmed villagers on May 31.

A confidential report by Mr Taylor to the Minister for Foreign Affairs, Senator Evans, says there is credible evidence to support the massacre allegations made by the Catholic Church in Indonesia.

Mr Taylor's report is a new blow to the Government's efforts to calm Australia's edgy relationship with Indonesia — especially in the light of the decision by the Prime Minister, Mr Keating, to visit the Indonesian President, Mr Soeharto, in Jakarta on September 17.

The Government's dilemma is how to preserve cordial relations with Australia's largest and closest neighbour given continuing human rights abuses by troops in Irian Jaya and East Timor.

Mr Keating refused to comment yesterday on the latest allegations beyond observing that they were being investigated by the Indonesian Human Rights Commission. He said he did not plan to visit Mr Suharto with "a travelling slate of what I think are human rights breaches in his country".

"I mean, he could point to problems we have..." he said.

Senator Evans said he was "very disturbed" by the church report, which was made public on Tuesday by the Australian Council for Overseas Aid [ACFOA]. He said his concerns had been reinforced by Mr Taylor's report and reports from the Catholic Church in Jayapura.

"All the material I have seen tends to confirm that since June 1994 there have been serious human rights violations in the area, including torture, disappearances and the deaths of at least 22 people," he said.

Senator Evans said he had raised general concerns about Irian Jaya with Indonesian Foreign Minister, Mr Ali Alatas, in Brunei last month and had sent him a detailed letter after receiving Mr Taylor's report.

Mr Taylor visited Irian Jaya in July after reports by ACFOA in April that Indonesian troops had killed 37 people between June 1994 and February this year in villages near the giant Freeport mine. At the time, Indonesia accused ACFOA of "Indonesia-bashing".

The latest reports of executions, arbitrary arrest, torture and property destruction, which are backed by Mr Taylor's report, are detailed, specific and relate to the same general area.

According to the reports, the 11 unarmed civilians were shot dead while praying. They included a pastor and two children aged five and six.

The Opposition foreign affairs spokesman, Mr Downer, called on Senator Evans to release Mr Taylor's report. He said Mr Keating should raise Australia's concerns with Mr Soeharto.

French Polynesia

French Envoy Says Papeete Violence 'Organized'

BK0809010395 Hong Kong AFP in English
2258 GMT 7 Sep 95

[FBIS Transcribed Text] Papeete, Sept 7 (AFP) — The unrest that erupted in downtown areas here and at Papeete-Faaa airport Wednesday amounted to "organised acts of violence," French Polynesian high commissioner Paul Ronciere charged Thursday, announcing that a judicial inquiry would be held.

"Don't try telling me it was a natural protest movement," he told reporters.

The circumstances point to the possibility that "instructions were given" to demonstrators, he said, adding that local government vehicles — including that of Faaa mayor and pro-independence leader Oscar Temaru — were spotted at the scene.

"All those who hold one office or another and who took part will be heard and it will be more than a simple hearing," Ronciere said.

"It was not a demonstration such as the ones we are used to, it was a riot," he said.

Measures tantamount to a declaration of emergency were taken Wednesday, he said, citing the requisition of the French armed forces to guard military establishments and civil-military sites.

There were no more "looters and breakers" Thursday, he said.

Ronciere also said the reopening of the airport was "technically" possible for day flights but that the area has to be further secured to make it fully safe for passengers.

"Our aim is to reopen it as soon as possible," he said. "A number of demonstrators, youths and some hoodlums are harassing the security forces."

"The runway has been fully secured" and the control tower is operational, he said. A third of the runway markers have to be replaced, he said.

Some 20 people were injured, three of them seriously, in Wednesday's violence, according to the latest official figures. The trouble began during a demonstration against the resumption of French nuclear testing.

France exploded an underground nuclear device off Mururoa atoll in French Polynesia on Tuesday and plans to conduct between five and seven additional tests in the region between now and May 31.

Tahitian RPR Leader Denounces Separatists

LD0809091695 Paris France-Inter Radio Network
in French 0600 GMT 8 Sep 95

[FBIS Translated Text] In Tahiti, Oscar Temaru, the separatist leader [of the Independent Front for the Liberation of Polynesia], has just asked the rioters who are still demonstrating near Papeete airport to leave the barricades. Some 100 young people are still clashing with police.

Some 20 people were injured in yesterday's violent incidents, including three who sustained serious injuries. There is extensive damage. The airport has been almost totally destroyed. Dozens of shops and about 100 vehicles have been plundered and set on fire.

Gaston Flosse, the RPR [Rally for the Republic, Chirac's party] president of the territorial assembly, came out of his prolonged silence last night to denounce the troublemakers, mainly Oscar Temaru's separatist activists. For him, yesterday's riots have nothing to do with the Mururoa nuclear tests:

[Begin Flosse recording] In my opinion and in the opinion of the entire civilian community, the culprit is Oscar Temaru and [word indistinct]. These are the people who, for several weeks, have incited civilians to murder — this must be said — that (?separatist) radio station which, from morning to evening, all day long, never changes its tune: Flosse Murderer, Chirac Murderer, Kill Flosse, Him and His Family. This has entered people's minds, and what happened yesterday is the logical consequence of that incitement.

But they are not the only ones. Greenpeace, which came here to support them and incite them in their separatist movement under cover of the resumption of the tests, is also responsible. This is not the true motive; and what with that Australian, New Zealand, and Japanese pest that was here. We have never seen events taking place simultaneously throughout the world. [end recording]

Fresh Clashes at Airport; Paris Sends Gendarmes

BK0809040695 Hong Kong AFP in English
0322 GMT 8 Sep 95

[FBIS Transcribed Excerpt] Papeete, Sept 8 (AFP) — New clashes broke out Thursday at Papeete-Faaa airport as violence triggered by protests over France's nuclear tests entered a second day.

The clashes between youths and police came as a squadron of paramilitary gendarmes arrived in the French Polynesian capital from another French Pacific territory, New Caledonia, and two other units were flying from Paris.

Police fired tear gas at youths who covered their heads with masks or wet T-shirts, an AFP reporter said. The youths hurled stones and bottles in response.

In the centre of Papeete, scene of arson and looting Wednesday in the worst rioting ever seen here, police were out in force on the streets to prevent youths pilfering from smashed shops and businesses.

Almost all stores were closed Thursday and most were boarded up to prevent looting. For four hours on Wednesday night, rioters burnt shops, smashed windows, looted goods and fought with police. Most were young, many were masked, some carried iron bars and chains.

They marched on the town after earlier attacking and wrecking terminal buildings at Papeete airport about five kilometers (three miles) from the centre of the capital.

Twenty people were wounded in the violence, three seriously, according to a latest toll.

The violence was set off by protests against the French nuclear test at Mururoa atoll, 1,200 kilometres (750 miles) from Papeete, but observers said it was also the result of a potent cocktail of frustration, separatist sentiment and unemployment. [passage omitted]

Temaru: Papeete Rioting 'Out of Control'

*BK0809024495 Hong Kong AFP in English
0226 GMT 8 Sep 95*

[FBIS Transcribed Text] Auckland, Sept 8 (AFP) — Tahitian independence leader Oscar Temaru on Friday blamed anti-nuclear rioting in Papeete on the excessive violence used by French security forces, describing the situation as "out of control."

Demonstrators clashed heavily with riot police Wednesday when security forces tried to remove them from the runway of Faaa international airport, which was seriously damaged.

Rioting then spread to downtown Papeete.

Speaking on Radio New Zealand, Temaru, who is also mayor of Faaa, said the riot was an expression of the Polynesian feeling of "anger, humiliation and frustration."

"Yesterday the people occupied the airport peacefully, they sat down there peacefully and the French government sent troops and they began using teargas," Temaru said.

"People started to fight against the French troops (who were) using all sorts of means to stop the demonstrations," he added. "All is out of control at the moment."

Temaru said that it was the French troops, not the demonstrators, who were "agitators in this country."

France unleashed a storm of criticism from around the world on Tuesday when it set off the first of a planned series of nuclear tests at the Mururoa atoll in the South Pacific.

"If the French president or the French High Commissioner says the simple phrase 'France will stop nuclear testing' all this will calm down," Temaru said.

Independence Leader Urges Rioters To End Protest

*LD0809085295 Melbourne Radio Australia
in English 0600 GMT 8 Sep 95*

[FBIS Transcribed Text] In French Polynesia, independence leader Oscar Temaru has gone down to the barricades around the Faaa international airport to try to persuade antinuclear rioters to call off their protest. South Pacific correspondent Erina Reddan reports:

[Reddan] The independence leader addressed a crowd of several hundred protesters, who left their positions on the bridge above the airport to greet him as he approached. Speaking in Tahitian, he told the protesters that they must fight through the ballot box, not with violence and strength, to gain independence from France and to put an end to nuclear testing. Mr. Temaru said despite the risk of being in the protest area, he had to do his best to stop the rioting.

[Begin Temaru recording, in English] Well, yesterday it was very hard. They were on the airstrip and police were shooting on them. (?They had to) get over there and they start fighting. It was very hard. I have noticed they keep shooting, shooting on the people, and this afternoon I'm just scared that tonight people will die from these fights, I'm sure. So I take the risk to go on the barricades and try to persuade those people that the only way is to use peaceful means, nonviolent means, to achieve our target. [end recording]

Rioters Remove Barricades

*BK0809064095 Melbourne Radio Australia
in English 0500 GMT 8 Sep 95*

[FBIS Transcribed Text] Protesters at the international airport in the French Polynesian capital of Papeete are leaving the barricades and returning to their homes. South Pacific correspondent, Erina Reddan, reports the action follows an appeal by the leader of the pro-independence (Pavini) Party.

[Begin Reddan recording] French Polynesian independence leader, Oscar Temaru, has come down to the barricaded streets surrounding the airport appealing to the

protesters to return home. Hundreds of protesters left their positions on a bridge just above the airport to greet him. He is (?milling) among them and as he does the protesters walk before him and take down the barricade. Meanwhile, the first commercial flight since the riot began yesterday has departed. The French AOA flight took off with the tourists and people aboard who are due to go to Los Angeles and Paris. [end recording]

Temaru Threatens To Sue France for Damages

*LD0809105995 Melbourne Radio Australia
in English 0830 GMT 8 Sep 95*

[FBIS Transcribed Excerpt] In a dramatic development in Tahiti, the independence leader Oscar Temaru has gone to the barricades at the Faaa international airport and appealed to the rioters to abandon their violence and go home. The Tahitian capital, Papeete, has virtually closed down as rioters burned cars and houses in an anti-French protest now into its second day, though the protesters around the airport are slowly leaving the area. Mr. Temaru is speaking here to our correspondent Erina Reddan:

[Begin recording] [Reddan] [passage omitted] You have just been down to the barricades, appealing to the people to stop the protests. What did you say to them?

[Temaru] Well, it's not easy. It was very risky. I told them the whole world is watching now. [passage omitted] We have to live in peace; we have to use peaceful means to achieve our struggle for self-determination. We have elections [in] March next year. It is through the elections that we can get our sovereignty back. That's the only way. And we have also to educate our people to use peaceful means. Once this country will become a sovereign state, we will be able [at] that time to sue the French Government as a state before the International Court of Justice for all the damage that they have done in this country. [passage omitted]

[Reddan] When the protest does finish, what do you want from the world? What do you want from the world now? If people aren't going to go the streets, how else will you get what you want?

[Temaru] We are a very small nation, small people. The international pressure on the French Government can help us. We are fighting for our freedom. We'd like all the United Nations members, country members, to put into practice the Resolution 43/47. In 1988 they have taken this resolution, which states that the decade from 1990 to the year 2000 should be the decade for the eradication of colonialism throughout the world. We would like all those countries to put into practice what they have signed theoretically. That's my message. [passage omitted]

[Reddan] [passage omitted] What's the next step?

[Temaru] Well, I hope that first the riot will be over. That's my first hope, and [that] those responsible, Jacques Chirac and [territorial government president] Gaston Flosse will face all the consequences. [end recording]

Calm Returns to Tahiti Airport After Violence

*BK0809085395 Hong Kong AFP in English
0813 GMT 8 Sep 95*

[FBIS Transcribed Text] Sept 8 (AFP) — Calm returned Thursday to Papeete-Faaa airport after two days of violence and the worst rioting ever seen in the Tahitian capital, triggered by protests over France's nuclear tests.

Most demonstrators had retreated, leaving only a handful of youths still on the road at Papeete airport Thursday evening, where earlier police had fired tear gas at rioting youths lobbing stones and bottles, the French Polynesian high commissioner's office said.

The last makeshift barricades erected around the airport had also been taken down, the office said.

Rioting stopped after pro-independence leader Oscar Temaru went on radio to call for calm and telling Tahitian youths to "go home."

Temaru, who is mayor of Faaa, had gone to the airport to meet youths from the town who made up the bulk of the demonstrators, the mayor's office said. Hundreds of youths had occupied a road at the airport throughout the day, in a confrontation with paramilitary gendarmes who fired tear gas in response to stone throwing.

In the centre of Papeete, scene of arson and looting Wednesday in the worst rioting ever seen here, police were out in force on the streets to prevent youths pilfering from smashed shops and businesses.

Most stores were closed Thursday and were boarded up to prevent looting.

New Zealand

Apology Sent to French Embassy on Flag Burning

*LD0809073995 Wellington Radio New Zealand
International in English 0700 GMT 8 Sep 95*

[FBIS Transcribed Text] The prime minister's office has confirmed that New Zealand has made a verbal apology to the French Embassy for the burning of a French flag at a protest. The flag was burned at the end of a march in central Wellington yesterday against the resumption of nuclear testing. The embassy had made an official complaint to the Foreign Ministry and an apology was given over the phone.

A spokesperson for the prime minister said burning the French flag is the same as (?burning the aspirations and vision) of the French people and New Zealand's argument is not with the people of France but its administration. The official said there is nothing unusual in the apology being made verbally. Twice in the past month New Zealand has apologized to Indonesia for the burning of its flag in protests against the Indonesian occupation of East Timor.

Bolger Reasserts Opposition to Testing

*BR0709143895 Paris LE MONDE in French
7 Sep 95 pp 1, 14*

[Article by Prime Minister Jim Bolger: "Unacceptable"]

[FBIS Translated Text] So France has detonated a nuclear device in French Polynesia, thus breaking the moratorium on nuclear testing which the French Government had observed since 1992. This test has been performed against the unanimous and oft-expressed wishes of the whole South Pacific region. As demonstrated by the unprecedented nature of the international protest against Mr. Chirac's decision to resume nuclear testing, the test was carried out despite the opinion that prevails virtually throughout the world.

It is because I believe the French people should know first-hand why the decision of a democratic country such as France to resume its nuclear testing activities is so unacceptable for another democracy, New Zealand, that I decided to send this text to LE MONDE.

For decades, the great majority of New Zealanders, regardless of political allegiances, have consistently opposed nuclear weapons. One can easily understand why. We live in a region that is under no threat of nuclear weapon use and that is largely sheltered from international tensions. We are perfectly aware of the value of an uncontaminated environment such as ours. We intend to keep it that way. This is the reason why we banned ships carrying nuclear materials from entering our ports.

New Zealand's opposition to nuclear weapons is therefore a long-established principle. However, let me be clear. We oppose nuclear weapons and nuclear testing, whatever the country or region involved, anywhere in the world. We are not targeting France, with which we have had positive and constructive relations in Europe as part of international peacekeeping as well as in the South Pacific since the announcement of the 1992 moratorium on nuclear testing.

Furthermore, the tests are being conducted in a fragile marine environment. The region may suffer damage

should an accident occur, a possibility which nobody can entirely rule out, whatever the precautions taken. No scientist has ever demonstrated beyond any doubt that there can be no radioactive leakage at sea. Opinions only diverge as to the time and the extent of such a leakage.

For all these reasons, New Zealand will continue to seize all appropriate opportunities to assert its implacable opposition to France's decision to resume nuclear testing. I will express this opposition at the upcoming meeting of the South Pacific Forum and in front of the United Nations. We have decided to ask the International Court of Justice to reopen the proceedings against French nuclear testing that were launched in 1973 and, among other things, to outlaw nuclear tests performed prior to conducting an environmental assessment study as stipulated by internationally accepted standards.

Continued testing will only encourage countries on the verge of becoming nuclear powers to acquire nuclear weapons. I believe that France's decision is going to make it harder to implement and monitor an international treaty banning all nuclear tests.

It is highly regrettable that France should have chosen this moment to resume testing, after agreeing with all nuclear powers — at the conference on the extension of the nuclear nonproliferation treaty — to exercise the utmost caution until the treaty banning all nuclear testing has been signed.

Mr. Chirac's pledge that he will sign this treaty and advocate banning all nuclear weapon testing as well as any further nuclear experiment is a positive and welcome initiative.

Mr. Chirac needs to listen to international concerns. The tests must be stopped. The draft treaty on a nuclear-free South Pacific must be ratified and the nuclear sites in French Polynesia must be closed down once and for all.

Such initiatives will show that France, as one of the five standing members of the UN Security Council and a vigorous contributor to international security and stability, recognizes the need to oppose nuclear proliferation in the post-Cold War world.

The international instruments that will enforce and channel such opposition are the nonproliferation treaty and the treaty banning all nuclear testing. France will strengthen its decisive role in world security by taking resolute action right now: Ending its current nuclear testing activities in the Pacific.

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